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ABSTRACT

An approach to teaching communication and control techniques to the small-business man, this booklet contains material for a 45 to 60 minute lecture. The sections of this teaching aid are as follows: (1) The Lesson Plan--an outline of the material covered, which may be used as a teaching guide, is provided in two columns: the presentation, and a step-by-step indication of procedure; (2) The Presentation--a subject presentation; (3) The Visual Aids--photographic copies of the set of visual aids that are available for this topic; (4) The Supply Department--materials that may be reproduced locally for distribution to course participants; (5) Cases in Point--short actual small-business management cases that may be used to augment the presentation and to develop discussion, or as the basis for a second session; (6) The Incubator--ideas for stimulating further thought and discussion by the participants. A bibliography is provided, and field offices of the Small Business Administration are listed. (DB)

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COMMUNICATION and CONTROL

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ADMINISTRATIVE MANAGEMENT COURSE PROGRAM

Topic 9

SMALL BUSINESS ADMINISTRATION

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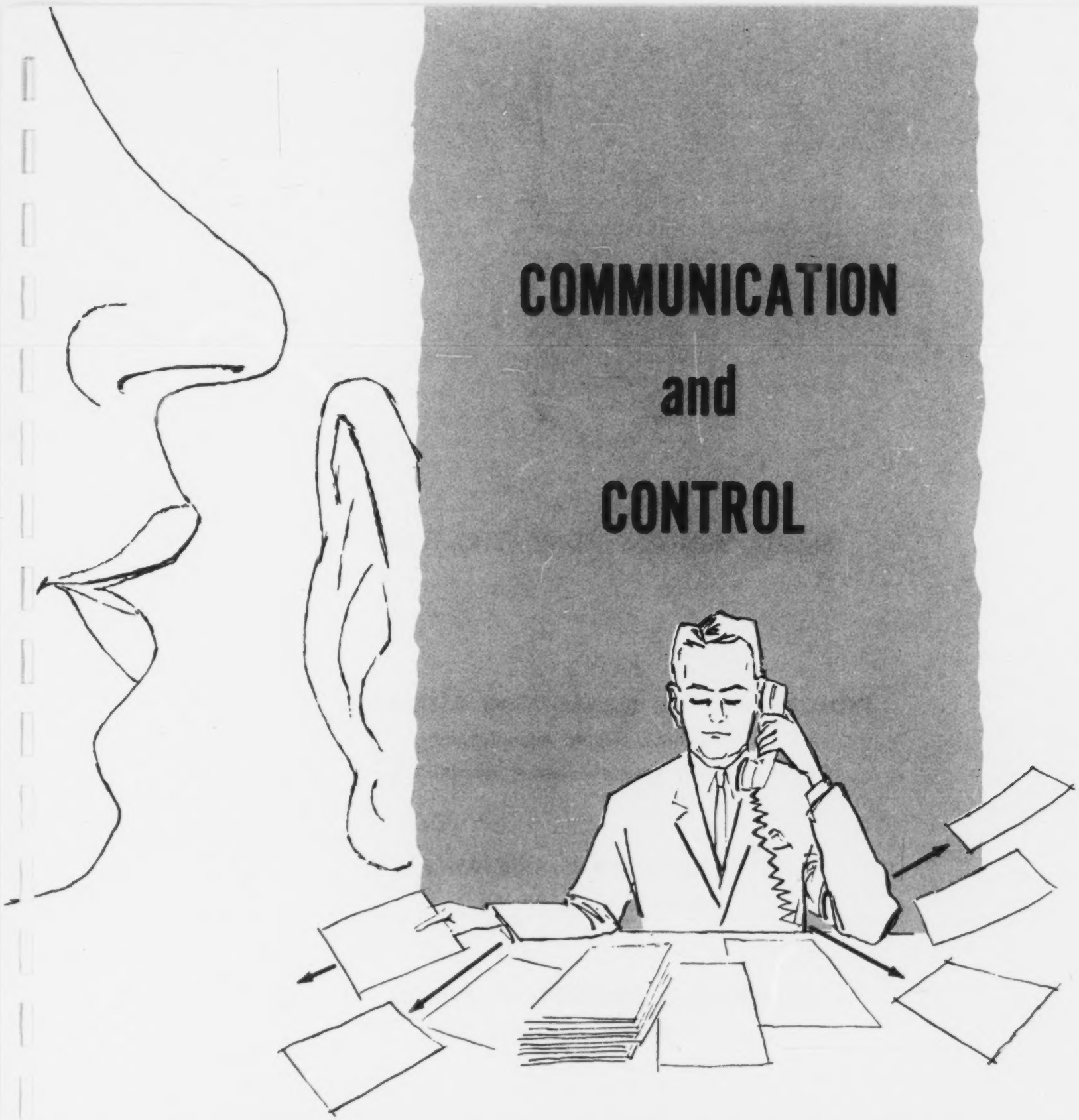

COMMUNICATION and CONTROL

ADMINISTRATIVE MANAGEMENT COURSE PROGRAM

Topic 9

Small Business Administration

Washington, D.C. 20416 1965

SMALL BUSINESS ADMINISTRATION

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FOREWORD

The Administrative Management Course Program was developed by the Small Business Administration in cooperation with educational institutions to bring modern management knowledge and techniques to the owners and managers of small businesses. Within 10 years, nearly 900 universities, colleges, and local school systems have cosponsored almost 4,000 courses with this agency. Over 110,000 owners and managers of small businesses have attended these courses. Distributive Education, working through the local school systems, has accounted for about one-third of these totals.

This is an outstanding demonstration of public spirit and service on the part of these hundreds of educational institutions. Yet, there remain many thousands of small-business owners and managers who have never had the opportunity to attend an administrative management course.

A committee on management education, consisting of representatives of the Small Business Administration and the Distributive Education Division of the American Vocational Association, was formed to study ways of meeting the small-business management needs of small communities and very small businesses in poverty areas. The committee recommended that a series of subject presentations including lesson plans, lectures, visual aids, case studies, and handout material, be developed to assist in the establishment of administrative management course programs in new locations. Further, it was felt that this material could substantially assist existing management programs, particularly by emphasizing the importance of continuing education for small-business owners and managers, and by assisting the busy instructor with his preparation.

SBA accepted the responsibility for developing a series of subject presentations in the field of administrative management for use by educators and businessmen who teach these management courses. We believe that these presentations will be particularly useful to Distributive Education in the smaller community where library research facilities are limited and equipment for the production of visual aids is not readily available. It will also assist community planning groups in implementing the educational provisions of the Economic Opportunity Act of 1964.

The booklet was developed by the Courses and Conferences Division. I wish to express appreciation to the Richmond Public School's System for granting leave of absence to John O. Perreault, who drafted the booklet. The final version was prepared under the administrative direction of George C. Willman, Jr., Acting Chief of the Division. Artwork for the cover was prepared by Michael J. Fontana of the Graphics and Design Branch, Office of Administrative Services.

Irving Maness
Deputy Administrator

NOVEMBER 1965

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*A set of the visual aids is available from the nearest SBA office (see inside back cover). These visuals are 8- by 10-inch colored transparencies for use on overhead projectors.

**Among the materials prepared as "handouts" to participants are several SBA free publications. Current information on the availability of suggested and new SBA publications may be obtained from the nearest SBA office.

A WORD ABOUT THIS SESSION

This publication, one of a series, is directed toward teaching management skills to the small-business man. When the term "management" is used, it refers to administrative management functions rather than to purely operational features of business. The complete set of subject presentations may be obtained on loan from the nearest Small Business Administration field office (listed on the inside back cover). Single booklets or complete sets may be purchased from the Superintendent of Documents, Washington, D.C., 20402.

This topic, *Communication and Control*, was prepared to aid in teaching one session of a basic course. It contains sufficient material for a 45- to 60-minute lecture which is usually followed by a discussion period. The management cases on pages 59–62 can be used to extend the session or to form the basis for a second session on the topic.

The lecture is designed to be presented to the businessman in nontechnical language. It is *one* approach to teaching financial management. Instructors will probably prefer to modify or revise the lecture in order to use their personal background and experience in the subject area. They may also find it preferable to alter the topic to take account of the training or special needs of their class participants.

This topic may be handled by a personnel executive, a training director, psychologist, or another whose training, experience, and interest qualify him. *Guide for Part-Time Instructors, Distributive Education for Adults*, a publication of the U.S. Office of Education, may prove useful to local instructors.

The various sections of the publication are separated by divider sheets of different colors. On the following page, these colors are given and the contents of the sections are briefly described.

Gray—*The Lesson Plan.* An outline of the material covered which may be used as a teaching guide, or as a framework for developing an individualized presentation. The lesson plan contains two columns: the left-hand column is an outline of the presentation; the right is a step-by-step indication of procedure, including chalkboard suggestions, quotations, discussion points, and a keyed guide to the visual aids supplied.

Rust—*The Presentation.* A carefully prepared subject presentation which may be used as written or modified to meet local needs and conditions. It may also be used as a source of information by a person preparing his own lecture.

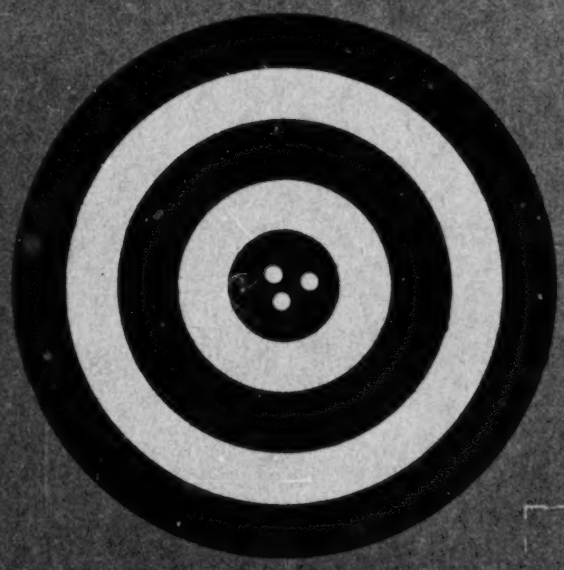
Buff—*The Visual Aids.* Photographic copies of the set of visual aids which are available for this topic. These visuals are 8- by 10-inch colored transparencies prepared for use on overhead projectors. The subject presentation and lesson plan are keyed to the visuals. A set of visuals for each subject in this series may be borrowed from the nearest SBA regional office.

Green—*The Supply Department.* Materials which may be reproduced locally for distribution to course participants. Your nearest SBA office can furnish information on current availability of SBA free publications, including titles published subsequent to this volume.

Yellow—*Cases in Point.* Short actual small-business management cases which may be used to augment the presentation and to develop discussion, or as the basis for a second session on the same topic.

Blue—*The Incubator.* Ideas for stimulating further thought and discussion by the participants. This material may be reproduced locally for distribution to course participants. "Assignments" are designed to aid in retention of the subject matter of the session.

NOTE: See back cover for index reference to the divider sheets.



THE LESSON PLAN

A Keeping on Target

Section

Good teaching depends on good planning. A session objective or target must be set. Then the points are selected that will enable one to keep hitting at the heart of that target.

The primary aim of the instructor is to first give the participant the things he MUST KNOW, then the things he SHOULD KNOW. When these two aims have been achieved, the topic can be embellished with the like to know and helpful to know elements.

The following lesson plan is "on target." If it is used as a guide, it will enable the instructor to emphasize the major points while at the same time he stimulates the participants to grasp the subject.

STIMULATE GROUP BY SERVING AN INSTRUCTIONAL COCKTAIL

RECIPE

Use The Three B's (Bubbles)

- ***Base*** instruction on problems at learners level.
- ***Blend*** instruction with job experience.
- ***Brighten*** instructions with variety of ***illustrations, investigations*** and group ***participation.***

FOUR BASIC STEPS OF INSTRUCTION

Instructing is like selling - -

Selling	Instructing
1. Approach customer Promptness Put at ease Awaken ***interest***	1. Prepare the group Start on schedule Put group at ease ***Awaken*** interest
2. Present merchandise or service Select merchandise to fit need Show one item at a time Demonstrate ***selling points***	2. Present information Gauge material to needs Present one point at a time ***Show, illustrate, question***
3. Have customer take part Get merchandise into customer's hands Let customer "try on" merchandise Answer questions and meet objections	3. Have group participate Get group to ***discuss*** Have members ***demonstrate*** or ***use*** ideas Answer questions and correct errors
4. Bring sale to close Help customers decide; ask: "which" "for whom" "when" Be sure merchandise fits need Summarize points of care and use Handle mechanics of sale Pave way for return visit	4. Bring meeting to a close Check on understanding; ask: "why" "how" "when" "what" "where" "who" Be sure group now can use information Summarize "take away" ideas Make a definite conclusion Pave way for next session

How To Deal With "Difficult Customers"

	What To Do
THE "MOUTH"—wants to do all the talking.	Take the play away from him by asking others to comment on his remarks. Deliberately turn to others and ask for their opinions. Avoid looking at him. Tactfully ask him to give someone else a chance, or talk to him in private.

THE "ARGUER"—constantly tries to catch you up.	Keep cool. You can never "win" an argument. Always make him back it up. Ask for evidence. Avoid getting personal. Refer the question to the group and then to him.

THE "MOUSE"—is in every group.	Call him by name and ask him for an opinion. Ask him an easy question he is sure to answer well, then praise him. This person is worthy of your attention.

THE "SO-WHATER"—is disinterested.	Point up something he has done as a good example of the point being stressed. Ask direct questions affecting his work.

LESSON PLAN

TOPIC: COMMUNICATION AND CONTROL

OBJECTIVES:

To explain what communication is and why it is important in small business.
To outline principles an owner-manager must follow to develop effective communication.
To show how communication fits into all management and control functions.

SESSION CONTENT	TIPS AND APPROACHES
I. INTRODUCTION	
A. Communication is an *interchange* of thoughts, opinions, or information. It is a continuous process.	Ask those present what communication means to them. Give dictionary definition. Point out importance of the word "interchange." Visual No. 9–1 Visual No. 9–2
1. Tendency to confuse media or devices with the process itself	
2. Tendency to regard communication as a gimmick for special occasions	
3. Because people are involved, so also are feelings and emotions	
II. THE IMPORTANCE OF COMMUNICATION	Example of Tower of Babel from Presentation (see p. 11).
A. To gain teamwork of many people	
B. To learn from many people	
III. HOW COMMUNICATION SERVES MANAGEMENT	
A. As tool for planning and directing activities	
B. By furnishing means of reporting	

IV. COMMUNICATION IN THE SMALL FIRM	
A. Advantage of face-to-face communication	
B. Principles involved in effective communication	Visual No. 9–3
1. Be a good listener 2. Keep employees informed 3. *Encourage* two-way communication 4. Let subordinates take part in decision 5. Use grapevine for *information* instead of misinformation 6. Creat climate of trust and confidence	Discuss.
V. CONTROLLING YOUR BUSINESS	
A. Control is the means by which management turns its business plans into successful action	
1. Control methods a. Reward b. Punishment	Discuss.
2. Internal communication and control—a problem of mutual understanding	Visual No. 9–4 Discuss the seven rules listed on pp. 16 and 17 of this manual.
3. Organization should provide delegation	Discuss the seven points listed on pp. 17 and 18 of this manual.
VI. HOW COMMUNICATION HELPS YOU CONTROL YOUR BUSINESS	Visual No. 9–5 Handout No. 1
A. The plan—	Discuss.
B. Preparing for action 1. Timing the message	

2. Coordinating the work effort
3. Providing physical facilities

C. Authority for action

D. Instruction

E. Supervision

F. Checking and measuring results

G. Adjusting methods for results

VII. GETTING RESULTS THROUGH COMMUNICATION

A. Routine messages through established procedures

Discuss—get examples of routine and nonroutine.

B. Nonroutine messages

Stress: Nonroutine communication requires special treatment.

1. What must be done
2. Who is to do it
3. What must be asked of others and how it shall be asked
4. What must be reported to whom
5. Who is responsible for the particular communication system

C. Effective communication

1. Checklist for effectiveness of message
   a. Is the message accurate?
   b. Is it definite?
   c. Is it forceful?
   d. Is it suitable?
   e. Is it simple?
   f. Does it contain "hidden" meaning?

Visual No. 9–6
Distribute and discuss Handout No. 2.

2. Form of presentation
3. Consider the receiver's point of view

Visual No. 9–7

VIII. BETTER COMMUNICATION MEANS BETTER MANAGEMENT	
A. Importance of communication in delegating authority and responsibility	
B. What the management team needs to know	Visual No. 9–8 Handout No. 3 Discuss.
C. Methods of management communication	
1. "Chain-of-command" meetings 2. Supervisor conferences 3. Bulletins and information releases 4. Letters from the president 5. Supervisor's manuals 6. Counseling	Visual No.9–9. Discuss.
D. Weak links in the chain of management communication	Visual No. 9–10
1. Failure to gain the attention of the individual to whom a message is directed 2. Failure to tie the message in with the work and responsibilities of the individual or group 3. Failure to make the content of message specific and understandable 4. Failure to stress the human element of management in communication	Discuss. Read suggested remedies from pp. 29–30.
IX. TWO-WAY COMMUNICATION WITHIN THE COMPANY	
A. Communication and employee morale	
B. What two-way communication does:	

1. Provides an exchange of information and opinion
2. Gives each member of the organization a sense of participation in company affairs

C. Employees want to know:

Handout No. 4

1. Facts about company
2. Facts about company-employee relations
3. Facts about future company plans

Visual No. 9–11
Discuss. Get suggestions.

D. Management wants to know:

Handout No. 4

1. Employee attitude toward company
2. How will employees understand company rules, policies, programs
3. How employees can contribute to greater operational efficiency
4. The "gripes" and complaints of employees before they develop into full-sized grievances

Discuss. Get suggestions.

E. Methods of two-way communication

1. Personal contact (face-to-face, word-of-mouth communication)
2. Mass meetings followed by small problem solving meetings
3. Nonpersonal communication—written, visual, oral, etc.

X. TWO-WAY COMMUNICATION WITH OUTSIDE GROUPS

A. With customers

B. With the community

C. With suppliers and competitors

XI. A BRIEF REVIEW

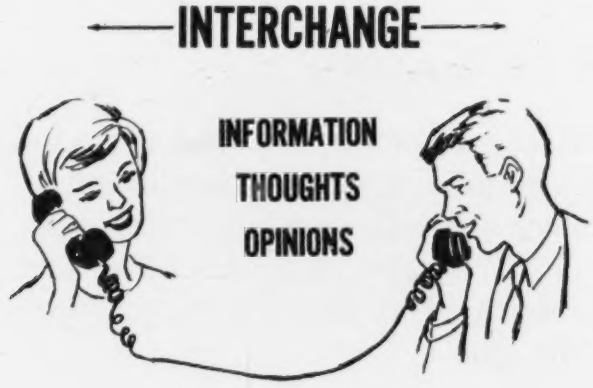
Visual No. 9–12. Hand out Focal Points.

COMMUNICATION AND CONTROL

INTRODUCTION

What do we mean by communication as it relates to the operation and management of a business? Is it telling an employee what to do? Is it posting a notice on the bulletin board? Is it making an announcement about a new procedure? Much too often an owner-manager may think that these actions are all there is to communication. He confuses media and devices with the process itself; and, in doing this, he overlooks essential factors.

A dictionary definition says that communication is "an interchange of thoughts, opinions, or information." The key word here is *interchange*. It means that to communicate, an owner-manager must do more than tell. He must also listen and be sure that he is understood. He must get the reactions of the employees (or associates) to whom he is talking or writing.



Visual No. 9–1

Another misconception is that communication is a sort of gimmick to be used only on special occasions. Communication is *not* an independent activity. It is a continuous process. It plays an important part in all management functions. The manager's job is to get work done through people. Only by effective com-

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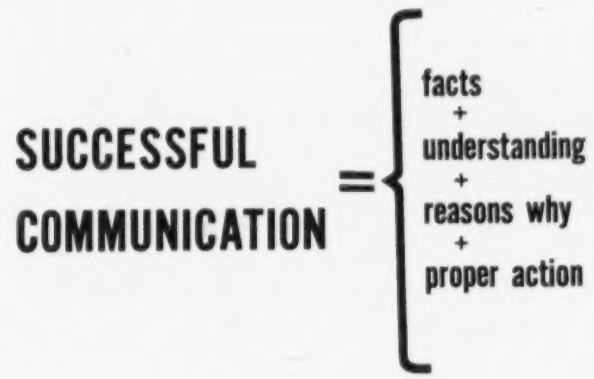
munication can he do this job. To go back to the dictionary definition, he must have an "interchange of thoughts and information" with those doing the work. In planning, instructing, checking, or reporting, the manager is using communication as a tool to accomplish a desired result.

Because people are involved, the manager must always be alert to the fact that feelings and emotions are also involved. He must remember that he communicates not only by words but also by his actions, his tone of voice, his manner of answering questions or giving instructions. He must generate an atmosphere of trust and respect so that his suggestions will be accepted instead of opposed. He must give reasons for doing things rather than only issuing orders. He must be sure that everyone concerned gets complete and accurate information. He must motivate employees to take action and to get full cooperation.



Visual No. 9–2

When communication is successful:

- Everyone gets and understands the information he needs to do the job.
- Information is accurate and well coordinated.
- Everyone understands who should be told what.
- Everyone understands why things are being done.
- Everyone is motivated to take necessary action and to cooperate with others to do the job.

THE IMPORTANCE OF COMMUNICATION

Knowing what effective communication accomplishes, you can readily see why it is important in managing a business.

Every owner-manager faces two major problems in connection with the communicating of facts and ideas. First, he must gain the willing teamwork of

many people. Second, he must learn from many different people the status and progress of operations. Some of these people are under his direct supervision; these are his employees and supervisory help. Others are not under his control; these are suppliers, customers, deliverymen, Government officials, and many others. A cooperative attitude on the part of people entirely outside the concern is just as vital to the continuing success of a small businessman as is the cooperation of his own personnel. The greater degree of cooperation he is able to get, the more successful his business is likely to be.

The most effective way to get a person to cooperate is by explaining to him how he, too, will benefit as he works with you. This approach means gaining an understanding of how each man hopes to profit from his association with you. It also means explaining to each—in words he understands—how he can reach his goals by cooperating with you. Good communication *interprets* the interests of each worker, customer, supplier, or serviceman *in his own language*. It helps each individual understand how he can serve his own interests by helping you gain yours.

No doubt many of us have observed that even when cooperation is willingly offered, a problem often exists in *coordinating* the efforts of many people. The familiar Old Testament story about the building of the Tower of Babel is a case in point.

As you will remember, the people engaged in the building of the Tower of Babel were craftsmen, all skilled in their trades. Had their tools been taken away from them they might soon have replaced them. Had their skills been taken away they might soon have regained them. But instead the Lord took away their ability to work together by giving each a different language. Without adequate communication, they were forced to abandon their efforts to build the Tower of Babel.

To be sure, the owner-manager is not handicapped to this extent or he would not be in business. However, the story does bring out one great truth: a working force can never be more effective than the communication skill which coordinates its efforts.

HOW COMMUNICATION SERVES MANAGEMENT

The story of the Tower of Babel illustrates how the lack of communication causes failure. How, then, does communication *serve* management? Broadly speaking, in two ways: (1) by providing a necessary tool for planning and directing

business activities, and (2) by furnishing a means of reporting to interested parties what has been done—and why.

Business communication helps in the planning and directing of the various aspects of management by transferring ideas, instructions, and orders.

The reporting function of business communication is less well understood. Unlike communication for present or future action, reporting always takes place after an event. This does not mean that a report cannot influence future actions. It does mean, however, that it can no longer influence the events or activities which are being reported.

For example, an employee receives word he is being laid off. This is a message of action. It involves the physical act of separating the employee from the company payroll. At the same time he is told that the layoff is necessary because of business conditions. This is a business report. It is an exchange of information for the purpose of gaining better understanding between the company and the employee. Its purpose is to secure a more favorable attitude toward the company.

Business reports may be factual or persuasive. Advertising tries to persuade people to buy a certain product. It is persuasive even though it is a report to the buying public on the selling points of a product. An inventory report listing quantities and kinds of stock on hand is a factual report.

Why should an owner-manager spend time and money reporting many things to many people? The answer is that such an investment often pays big dividends.

The small-business man seldom receives credit for the contribution he makes to his community. In addition, he is often singled out for unjust criticism and suspicion because so few people outside of his business know anything about his activities, responsibilities, or plans for the future.

Every decision he makes affects someone. Layoffs, wages, or pricing and buying policies may each cause economic hardships for some individual. Unless this individual understands the need for the decision which hurts him, he is likely to place the blame on management. Costly disputes for piddling gains is one result of the bitterness caused by a misunderstanding of management-labor policies.

Business communication reduces suspicion by exposing the facts. When the facts are known, the blame is readily placed on the circumstances responsible for the decision rather than the businessman who had to announce the decision.

In a very real sense, business reports attempt to control *attitudes* just as work orders control *activities*.

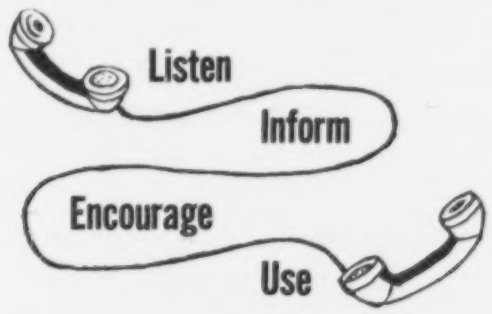
COMMUNICATION IN THE SMALL FIRM

A manager of a small firm has an advantage over the big-business executive in the matter of communication: In a small business the "chain of command" is short. In *very* small firms, the manager has direct contact with all of his employees. He is the one who plans their work, gives instructions, and follows up on jobs to see that they are completed on time. To a great degree, communication in small business is the face-to-face type.

In giving instructions, the manager can talk with the employees concerned; he doesn't have to rely on written instructions passed down through channels. He can immediately answer any questions that arise. He can watch reactions and consider comments and suggestions from the employees at the time they are made.

In a somewhat larger firm, a manager may have supervisors to whom he delegates responsibilities and authority. But he can still foster an atmosphere of confidence and trust, so that ideas or reactions of the employees will come to his attention through the supervisors. A small firm provides unlimited opportunity for effective communication. But, effective communication doesn't "just happen." A manager must be communication minded. He must be aware of the value of good communication. And he must make sure that everyone else in the company sees this value, too.

EFFECTIVE COMMUNICATION



Visual No. 9–3

To develop effective communication with employees, a manager should follow certain principles:

1. *Be a good listener.* This means listening to ideas and suggestions as well as complaints. Oftentimes procedures which save time or money come from suggestions made by employees "down the line." Listening by a manager

is a two-edged tool. It gives the manager essential facts and greater understanding. It gives the employees a feeling of participation and heightens their interest in their work.

2. *Keep employees informed.* Pass along to employees information on matters which affect them. Let them know ahead of time if changes are to be made in policies or procedures. Give them advance notice about contemplated changes in working hours or wage rates. Above all, explain *why* changes are necessary or policies are being adopted.

3. *Encourage two-way communication.* In addition to being a good listener and passing necessary information along to subordinates, a manager should encourage two-way communication throughout his organization. Employees should feel free to discuss problems with supervisors. Effective job performance depends upon the continuous upward and downward flow of communication.

4. *Let subordinates take a part in decisions.* When decisions must be made which will affect employees, give them a chance to take part in discussions before a final decision is made. This is a "democratic" approach. Employees will be likely to back the "majority" decision more strongly than one handed down arbitrarily.

5. *Use the grapevine for information instead of misinformation.* Grapevine news travels fast. Much of the news is disturbing to employees—and much of it is false. Rumors often start because someone misunderstands an instruction or announcement. Or rumors may start because management is withholding information. A manager should learn what the grapevine is saying. Then he can scotch rumors and spread accurate information informally.

6. *Create a climate of trust and confidence.* Effective communication thrives in a climate of confidence. By reporting facts honestly and by keeping promises, a manager establishes a reputation for truthfulness and sincerity which inspires employee confidence.

Now let's see how these principles play a part in various management functions.

CONTROLLING YOUR BUSINESS

Business is a system of control. The individual who starts a business, or operates one successfully, could not do so without controlling all of the activities which are essential to that business.

Management control often relates primarily to people. That is the basic difference between the business manager and the technician. The business manager controls men by means of communication; the technician controls only his tools.

Control enters into a number of direct management functions. Since these functions are carried out by employees, the key to successful control lies in the ability of management to communicate and delegate its control responsibilities to supervisory personnel—and through these supervisors to the operating people.

Regardless of the nature of a business, or its organizational structure, the functions of control remain the same. The elements of management control in which communication plays a part will be discussed later.

Control Methods

The two methods of exercising control in business are reward or punishment. Stated another way, it is the choice between leading employees or driving them, between creating a will among employees to strive toward a common goal or using economic power to compel employee discipline.

The oldtime "boss" ruled men with an iron hand. His harsh, unsympathetic, driving methods sometimes did bring results over limited periods of time. The same methods also produced employee dissatisfaction.

The cost of punishment as a method of control is staggering. According to one estimate, 65 percent of all separations in industry result from a failure in the relationships between management and workers.

What does labor turnover cost your company? Estimates of labor turnover cost in companies range from $200 per man to $2,000 or more, depending on the type of skill that is lost. You can easily compute the least it will cost you, using the minimum figure. Multiply $200 by the number of employees replaced each year and you have a conservative estimate of the price your company pays for labor turnover. Then take 65 percent of your estimated labor turnover cost and you have the figure which approximates the cost of substituting "power" for "human relations" as a system of control.

Internal Communication and Control

Everyone in business gets results through people. The difference between good and poor management is apparent in the varying amounts of supervision necessary to get the same results from the same team of workers.

Internal communication is not a one-time program. It is a way of getting along with people by giving them a sense of "belonging" and raising the level of their self-respect. These are the rewards that tighten up internal control with surprising little effort on the part of management.

To illustrate: an accounting clerk in a retail store was a hotheaded individual who liked to argue. Even when the orders he received were reasonable, he would grumble and complain. Several times the chief accountant was on the verge of firing him, but he always changed his mind because of the good work the clerk was capable of doing.

Following the advice of a communication consultant, the chief accountant tried a new approach. Instead of issuing specific orders for each job he would call the attention to the clerk to what had to be done. He would then ask, "How do you think we ought to go about it, John?"

In the brief discussion which always followed, both men had an opportunity to express a few ideas until they found one acceptable to both. With this simple communication device, management turned a disgruntled worker into a loyal and enthusiastic employee.

Elements in
MUTUAL UNDERSTANDING

- *Participation*
- *Responsibility*
- *Courteous treatment*
- *Sense of importance*

Visual No. 9–4

Control is largely a problem in mutual understanding. A few simple rules followed consistently will soon knit a group of unrelated individuals into an effective work team.

1. Give employees a sense of participation. Ask their advice whenever they are competent to give it.

2. Make them feel important. Avoid issuing commands. Try raising questions. Encourage voluntary effort.

3. Praise your employees when they have earned it.

4. Train yourself and your supervisors to listen even when you know what an employee is going to say. Encouraging employees to express opinions concerning their jobs is a positive way to make them feel they are an important part of your organization.

5. Show them the same courtesies and consideration you would a friend. (How else can you win their loyalty and friendship?)

6. Show confidence in your employees by giving them responsibilities.

7. Keep lines of two-way communication open.

Organization Should Provide Delegation

An organization is necessary because the individual who heads a business cannot be everywhere at once. To remedy this, he selects a number of men in whom he has confidence to substitute for him. He shares his position with them by delegating to each a share of his authority and responsibility. In return he holds each accountable for representing him well.

These men, in turn, cannot be several places at the same time. Each of them shares his authority and responsibility with men in whom he has confidence—and holds those men accountable for getting the job done. This sort of sharing must logically extend from the very top to the very bottom of a business organization.

Confidence in subordinates plus free two-way communication hold an organization together. Anything which weakens the confidence an executive has in a subordinate, weakens the organization. Bypassing lines of authority, "passing the buck," constantly reversing orders—all have a harmful effect on morale.

In a business structure in which honors, authority, and responsibilities are shared, there is no room for arbitrary decision. Instead, we find:

1. A sharing of ideas.

2. A communication system which does not merely relay orders, but exchanges information and understanding.

3. A system of control which draws all employees into the management team.

Analyzing the main points objectively we may say:

1. The top executive is presumably the best administrator in the company. If he could be everywhere, do everything, there would be no problem of organization.

2. Since this is impossible, he must get help from others who are in sympathy with his aims and objectives.

3. These subordinates can help him only if he is willing to share the honor, authority, and responsibility of his job with them. He helps them by conferring with them concerning ultimate aims and objectives.

4. The supervisor shares his job with responsible and trustworthy employees.

5. The organization is no stronger than the degree of confidence each individual places in his subordinates.

6. Anything which weakens the link of confidence also weakens the control of the organization.

7. Failure to respect lines of authority, to accept and support the decisions of subordinates, to confer with subordinates on decisions which affect their duties and responsibilities, weakens confidence in a system of delegated control.

HOW COMMUNICATION HELPS YOU CONTROL YOUR BUSINESS

Imagine a firm in which each worker begins the day when he sees fit, does what he pleases when he pleases, and leaves the job as soon as he tires of it. Needless to say, not much, if anything, would be accomplished, and such a firm would not stay in business very long.

Control is a fundamental need in any activity entered into by a number of people who are trying to reach a definite goal. In business, control is exercised by management through communication. Control applied to the imaginary firm above would establish working hours, assign specific duties to employees, and measure accomplishments against standards.

Consider now the various elements of control in which communication plays a part:

1. THE PLAN. Control begins with a plan. A navigator cannot steer a course unless he knows where he is going. Neither can management control the direction in which a business grows without a clearly defined goal. A company which drifts along with no clear plan of action may find itself a beehive of activity—but with everyone pulling in a different direction.

Planning may be done by an individual or a group. In either case the plan must be so worded that only one interpretation is possible.

This requirement is magnified when the plan is put into operation. In carrying out the plan, instruction given to subordinates can never be more accurate than the wording of the original plan. And a plan which is just slightly misleading at the start can take a company a long way from its original goals.

THE CONTROL WHEEL

Visual No. 9-5

In addition to possible differences in the meaning of words, differences in interests may give nonmanagement groups a completely different view of management goals.

For example: Management sees seniority as a means of reducing costs resulting from high labor turnover. Employees, on the other hand, think of seniority as the foundation of job security. To make a proposed seniority plan acceptable to employees, management must interpret the plan in the words of the employees and in terms of their desire for job security.

This rule applies equally to all plans and to all groups whose understanding and cooperation is sought by management.

2. PREPARING FOR ACTION. The practical contribution of communication to control is most evident in putting the plan into action. Preparing for action involves three separate but related steps: timing the message; coordinating the work effort; and providing physical facilities.

Timing—To produce the desired effect, a message must reach employees at the right time. The reason is that their understanding of a message is

likely to be colored by recent events still fresh in their minds. The following is an example of what can happen if the timing factor is ignored:

A recent strike in a small chemical plant was caused by a notice posted on the bulletin board requesting each employee to verify his seniority as listed. In itself the request was innocent enough. Its purpose, clearly written in the notice, was to assist the payroll clerk to compute the amount of vacation time due each employee. The amount of time granted each employee had long been based on years of service with the company.

Unfortunately, the notice was posted at a time when a department had been discontinued. The employees in that department, some of whom had been with the company for many years, were being laid off.

A rumor swept the plant to the effect that employees in the discontinued department would "bump" those in other departments off their jobs on the basis of seniority. A request to check seniority, coming when it did, gave the message an unintended and incorrect meaning.

It is of the utmost importance that a message be introduced when the least number of outside events or competing messages are likely to influence its meaning.

Coordinating the work effort—The work in a business organization calls for a certain procedure: each person does a given job at a given time to produce an efficient flow. The simpler and more definite the instructions, the less likelihood there will be of any misunderstanding.

A major problem in coordinating the work effort in a small firm is to provide a quick and effective means of passing instructions through the organization. Channels of communication must carry messages not only up and down the line organization, but must also reach outside groups whose cooperation is needed.

Providing physical facilities—Communication also helps to prepare for action by anticipating the need for materials and equipment necessary to put the plan into action. This, too, is a coordinating function, but one which is more concerned with things than with people.

Good communication aids in the assembling of physical needs by minimizing opportunities for error. Standard names for items, accepted abbreviations for familiar actions and materials, and simple and recognizable forms for routine exchange of information all play a part in providing physical facilities when and where they are needed.

3. AUTHORITY FOR ACTION. Control is defined as the exercising of a restraining or directing influence. Authority is necessary for control because people who issue orders are expected to accept the responsiblity for those orders—for the work done under their direction. Having an unauthorized person deliver an order to an employee places an unwelcome burden of responsibility on that employee should the order prove disastrous.

   Generally speaking, the more important the content of a message, the greater the pressure for direct communication with an authorized executive. A supplier who receives a large order by phone from a clerk will probably demand confirmation from the purchasing agent or a responsible official.

   Authority is also a legal concept. Only certain officials of a company may legally bind it to a business commitment. This illustrates a basic requirement for good communication: the necessity for reaching the proper person with your message in order for it to be effective.

4. INSTRUCTION. Control is concerned not only with what must be done, but also with how it is to be done. The responsibility of a supervisor, for example, does not end when he orders a clerk to do a job. He is also responsible for the quality of instructions which enables the clerk to carry them out successfully. Competent instruction is essential for control.

   The value of clear, concise, face-to-face, two-way communication in giving instructions becomes very apparent when the process of instruction is fully understood. Instruction is not telling; it is sharing. Instruction takes place when there is an exchange of ideas and a sound basis of agreement is reached. Communication plays a major role in instruction.

5. SUPERVISION. Supervision is the control function that helps each employee do his job properly. It helps those under you do a better job now. It does not mean being critical of a poor job after it has been completed.

   Competent supervision is the right of all workers. It is also a management asset which reduces waste and capitalizes on good instruction.

   The language of supervision is the language of human relations. The successful supervisor is one who is not avoided by the employees when things go wrong. He is the friend in need who is there to help the employee do his job—to answer questions, to explain.

   The role of communication in supervision is to increase friendship and understanding, win the respect of employees and other groups with which

management comes in contact, and establish the friendly atmosphere in which management is best able to put its plan into action.

6. CHECKING AND MEASURING RESULTS. Control requires that a constant check be made of its effectiveness. The effectiveness of control is the measure of how closely the final results resemble the original plan. All members of management share in some degree the responsibility for measuring results as compared with plans. Such a comparison is possible only when a thorough knowledge of the plan and its goals is had by all management personnel. This knowledge can only be gained from good internal communication.

7. ADJUSTING METHODS FOR RESULTS. When reports of weaknesses in the plan are received by top management, a cycle of communication has been completed. Management is now faced with a new situation. New plans must be drawn to correct the errors in the old plans. New ideas must be developed, put into words, shared with all interested parties, received by them and understood and finally acted on. Like the previous plan which it replaces, this new plan is a living document. It is put to work and the cycle of control through communication begins again.

GETTING RESULTS THROUGH COMMUNICATION

The value of business communication is measured in terms of the degree to which it helps management to its job.

Most business messages are routine. The receiving clerk soon learns how to notify the "front office" of the arrival of a shipment by making notations on the invoice and dropping it into the right basket. When a certain kind of message is repeated at frequent intervals, as in the case of the receiving clerk, the employee soon learns how to get a message to a responsible person quickly. Standard forms are used in business firms for reporting information or initiating action.

However, there are times when nonroutine messages are needed. Also, procedures must be developed to cover special situations. Sometimes new ideas or new developments must be communicated to employees or other groups.

Whenever possible, patterns of communication should be established. The advantage of an established pattern is that it tends to reduce error, oversight, and personality clashes in the transfer of *routine* information. For nonroutine information or for special situations, procedures should be set up to indicate:

- What must be done.
- Who is to do it.
- What must be asked of others and how shall it be asked.
- What must be reported and to whom.
- Who is responsible for the particular communication system.

Established communication patterns for routine matters or procedures for special situations may be drawn up in the form of flowcharts or outlined in written form. Whatever form is used, it should result in the prevention of errors due to misunderstanding. It also places the responsibility for each step where it belongs. Since information often travels both up and down as well as across lines of authority, it is important to pinpoint responsibility for each step.

Visual No. 9–6

Making Business Communication Effective

Every message has a purpose . . . an objective. How well the message accomplishes its purpose is a measure of its effectiveness. It is not always possible to predict which of two messages will prove more effective. This fact has been demonstrated over and over again in measuring the effectiveness of direct mail advertising. However, it is possible to eliminate extremely poor communication by means of a simple checklist

- Is the message accurate?
- Is it definite?
- Is it forceful?
- Is it suitable?
- Is it simple?
- Does it have a "hidden" meaning?

A brief discussion of each of these questions will show why they are important.

1. *Is the message accurate?* A message which is inaccurate does real harm because it gives official status to an error. Inaccuracy may appear in facts

and figures as well as in the choice of words which make up a message. Errors in facts and figures are less difficult to detect than errors in the choice of words. A good approach to avoiding errors in meaning is to ask, "Is it possible for this message to be misunderstood?" Do not be satisfied with the wording of a message until this question can be answered in the negative.

2. *Is it definite?* Even an experienced and brilliant executive is sometimes in doubt as to which decision is the best under a given set of circumstances. Regardless of lingering doubts, his messages must always be definite. Let doubt enter a message and it spreads alarm throughout a company like wildfire. When an organization loses faith in the ability of executives to make decisions, the loss is reflected in a general weakening of morale and a decline in enthusiasm throughout the organization. Once a decision has been made, it must be presented in definite form to stand or fall on its merits. Even a sound decision is handicapped when its wisdom is doubted by the executive who presents it.

3. *Is it forceful?* In addition to being accurate and definite, a message must carry conviction. Without conviction a message may be understood and carried out, but only in a mechanical manner. A forceful message is a cornerstone for enthusiasm. It injects an element of vigor into managerial decisions and serves to overcome any lingering uneasiness which a new idea, or approach, or change in current practice may introduce.

4. *Is is suitable?* A message which outrages accepted social practice may get an idea across, but in so doing it may create resentments which defeat the purpose of the message. A letter to a customer requesting an overdue payment must not imply that the delay is deliberate. A message announcing a salary plan should not say that the plan is for the purpose of penalizing loafing on the job, but should say instead that the plan is designed to reward good workers.

5. *Is it simple?* People will invest time and effort in understanding a message only in proportion to the importance of the message to them. An employee may spend two hours computing the number of vacation days to which he is entitled, but may not spend five minutes trying to understand a management directive concerned with reducing waste. A good rule to follow is to present one idea at a time and to use examples as much as possible. It has been demonstrated many times that the length of a message is less of a stumbling block than the difficulty experienced in understanding it.

6. *Does it contain "hidden" meaning?* A message may have one meaning under certain circumstances and another meaning under different circumstances.

Outside events are more apt to give an unintended meaning to a special announcement of a new policy than to a routine message. To avoid misinterpretation because of concurrent events it is sometimes desirable to trace briefly the developments leading up to the message. However, a direct denial of the relationship of the message to an immediate event may have the opposite effect of creating suspicion and alarm.

When opinion is not directly challenged, it is more effective than when it is challenged by an opposing point of view. This is one reason why joint management-labor announcements on time-study and other emotionally "loaded" issues invariably prove more effective than a management announcement in itself.

Repetition in more than one form not only increases understanding but also adds to the persuasiveness of a message. This is particularly true when repetition is in the form of dramatization of different aspects of the message. A safety message, for example, may be in the form of an ever-rising arrow, in slogans and reminders changed at frequent intervals.

Selecting the Form of Presentation

The form in which a message is presented may strongly influence its effectiveness. When the contents of a message are of a factual nature, the choice between written or spoken communications depends on the complexity of the material and the reading skill of the audience. The more simple and brief the message, the better it lends itself to spoken communication. A skilled reader, however, will usually find a written message more meaningful because it permits him to set his own pace and re-read the difficult passages.

SEND THE MESSAGE

- for persuasion
- for speed
- for the record

but always talk to the LISTENER'S viewpoint!

Visual No. 9–7

Messages which are intended to be persuasive rather than factual are usually more effective in face-to-face conversation. This is particularly true with issues

involving strong emotional feelings. Issues which are not emotional in nature will often be given more serious thought when written than when expressed in speech.

In general, messages are most persuasive when spoken in personal contact with the audience and when the speaker ties in his message with the existing prejudices, likes, dislikes, and predispositions of his audience. If the audience has a high level of education, it is usually more effective to present opposing arguments and disprove them one by one. Where the audience is less discriminating, presenting both sides of an argument creates indecision and doubt.

As a rule, the greater the authority of the spokesman, the more influence his opinion will exert. A message from the company president will carry more weight than the same message delivered by an assistant.

Consider the Receiver's Point of View

Regardless of the contents of a message or the manner of its presentation, each individual who receives it will ask, "How does this affect me?" This is as true of a lunch schedule as it is of an annual report. It is for this reason that in all business communications, consideration should be given to the receiver's point of view. Or, to use the five-dollar term, communications should be written from the "audience-centered" approach. If a system is to be changed, show what the new method will mean to those using it in terms of simplifying their work or saving time. When preparing a message, keep in mind the possible reaction of those receiving it.

BETTER COMMUNICATION MEANS BETTER MANAGEMENT

How often we hear small-business men complain, "I carry the whole load at my place. Sure I have department managers, but I have to make decisions and tell them what to do." Usually the reason these managers bear such a burden is that they have never attempted to share it. They say they want help, but they don't clearly define the responsibility and authority of their management staff. They say they don't want to make all the decisions, but they don't pass along sufficient information so that their department heads can make decisions for them.

Poor communication in management results in an unequal distribution of the workload, in the growth of suspicion and distrust among management personnel, and in the gradual breaking down of the cooperative spirit which is necessary in an operating team. Good communication pays dividends in the form of tightened-up operations, better morale, keener spirit, and the elimination of costly errors due to faulty communication.

The first step in improving management communication is to decide who shall be included in management. At first glance this appears to be a very simple job. However, the line between labor and management is often not clearly drawn. It can get particularly hazy in a small firm where jobs are less specialized and less clearly defined.

A management man is one whose job is to plan and direct the work of others. He works with people, with facts, with plans, and with ideas. He is responsible for the accomplishment of goals. He must have *authority* to manage and he must know the limits of his authority, so that he can apply it intelligently.

What the Management Team Needs To Know

In brief, everyone on the management team needs full information about anything which affects his particular area of responsibility—including:

1. Lines of authority and company organization.
2. Limits of their own authority and responsibility.
3. Their functions in relation to higher management, other departments, and the company as a whole.
4. The end results of their department's work.

Visual No. 9–8

5. General company policy.
6. Company earnings and growth.
7. Business trends affecting future operation.
8. Shifts of management personnel.

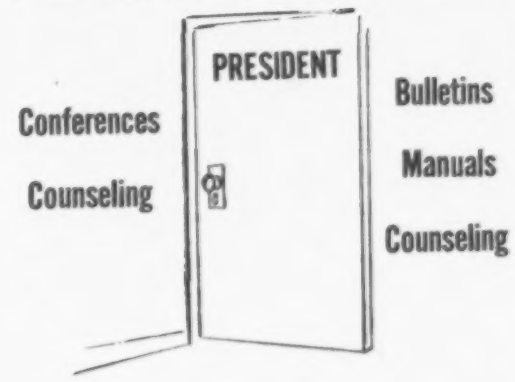
Methods of Management Communication

Personal discussion between each level of management from the line supervisor to the top executive is the most effective method of management communication. This system of personal communication is usually built on "chain-of-command" meetings. In small companies the number of meetings necessary to reach from top management to line supervisors is small. The advantage of keeping the number of meetings small is that it tends to reduce misinterpretation of the message as it proceeds from one level to another.

The real merit of chain-of-command meetings rests on the opportunity they provide to pass information *up* as well as *down*. When the number of men attending a meeting grows unwieldy, or when meetings include men of varying rank, there is a tendency for those of lesser rank to "freeze up" and not participate freely in the discussion.

A second merit of chain-of-command meetings is the opportunity for *participation*. Much of the loss of team spirit which has weakened management in recent years stems from the fact that lower-level management feels "left out." The problem arises not because of numbers or distance, but because of a failure to exchange information. It is just as likely to occur in a small company as in a large one.

COMMUNICATION DOOR OPENERS



Visual No. 9–9

Management uses a number of other methods to maintain contact up and down the line. Not all of these methods provide equal opportunity for participation in two-way communication, but they help to supplement chain-of-command meetings and are valuable.

1. *Supervisor's conferences.*—The problems of line supervisors are often better solved at that level than by passing them up the line. These meetings also

tend to give supervisors a better sense of position. Such conferences also provide a convenient opportunity to pass along information of interest to all supervisors.

2. *Bulletins and information releases.*—Factual, detailed, or technical information which requires careful reading can be successfully passed along by this means. Routine announcements and reminders are also satisfactorily handled in this manner.

3. *Letters from the president.*—Letters addressed to employees' homes add a sense of "belonging" to the information contained in such letters. Letters are particularly valuable in explaining top management's views on a controversial subject, or in discussing semiconfidential company problems.

4. *Supervisor's manuals.*—Such manuals clarify company policy. They provide an opportunity for the supervisor to meet a situation concerning policy without continually running to his superiors for information. Manuals should be functional, not fancy. The basic consideration in drawing them up is whether they contain all the information a supervisor might need in an easy-to-find and easy-to-understand form.

5. *Counseling.*—The technique of counseling is fairly new in industry and almost unheard of in small firms. From a communication viewpoint, many of the problems which beset management men are difficult for them to identify and express. The supervisor often becomes so emotionally entangled in his problem that he cannot "think straight" about it. Counseling helps the supervisor understand his problems, and helps him understand how to communicate them to top management.

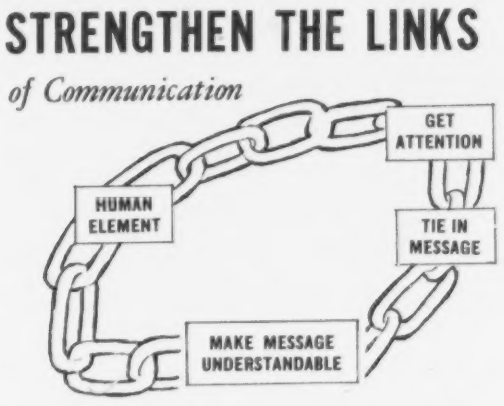
Weak Links in the Chain of Management Communication

Even with the best of intentions, the executive is often disappointed when he discovers how often his ideas or policy decisions are misunderstood. Before passing the blame to other management men, he should seek out and correct weaknesses in the communication system. These weaknesses usually take one or more of the following forms:

1. A failure to gain the attention of the individual or group towards whom a message is directed. Here are some suggested remedies:

   - Make certain that each member of management knows where and when to look for a message. If a bulletin board is used, do not fill it with matters

of minor importance. Make looking carefully at the bulletin board a rewarding experience. If meetings provide a means of communication, see that the business of the day is discussed quickly and effectively. DO NOT WASTE THE TIME OR EFFORT OF OTHER PEOPLE WHEN YOU HAVE NOTHING SIGNIFICANT TO SAY.



Visual No. 9–10

- State the nature or purpose of the message at once. Give every reader or listener an opportunity to decide whether the message has significance for him. If you make him read a message in order to find out that it does not concern him, he may not read your next message. USE YOUR FIRST SENTENCE TO SELECT YOUR AUDIENCE.

2. A failure to tie the message in with the work and responsibilities of the individual or group. Tell the reader or listener *why* it is to his advantage to pay attention to the messages. Unless the receiver of a message can associate his responsibilities or his interests with the message, he is unlikely to respond with enthusiasm. Often the sender of a message is too completely wrapped up in his own needs and problems to give any thought to the problems of other members of management. A good rule to follow is to ask yourself why the other fellow should be interested in your problems. If you find an answer, it should take a prominent place in your message. BEFORE STATING YOUR BUSINESS, TELL THE OTHER FELLOW WHAT IS IN IT FOR HIM.

3. A failure to make the content of messages specific and understandable. Problems are often recognized as problems before the nature of the problem is clearly understood. Many an executive who likes to think of himself as "dynamic" will take action on a problem before it is clearly understood. It is impossible to communicate clearly concerning a matter which is not

clearly understood. TO MAKE A MESSAGE EFFECTIVE, PINPOINT YOUR THINKING AND EXPRESS YOUR IDEAS IN POINT-BY-POINT SPECIFIC TERMS.

4. A failure to stress the human element of management communication. Repeatedly, studies reveal that people will absorb a message more readily if it relates to people. It is not always possible to tie a message in with the human element of management, but the use of personal words or references to people or the activities of people makes a message more readable and more interesting. MOST PEOPLE ARE MORE INTERESTED IN PEOPLE THAN THEY ARE IN THINGS.

TWO-WAY COMMUNICATION WITHIN THE COMPANY

Although it has been mentioned previously, the subject of two-way communication is so important that it merits further discussion. First, let's consider two-way communication within the company.

Communication is closely associated with problems of employee morale. Morale is difficult to define because it is intangible. It is a point of view, an attitude which encourages the worker to give his wholehearted attention to his job. It is an important cost factor in any company. When morale is low, employees feel no concern for the success of company operations.

The greatest contribution top management can make to good morale is to share with employees in some measure the responsibilities of management. This does not mean merely telling employees your troubles; it means listening to them when they put forward ideas to help improve operating plans. It means giving each employee a real voice in company affairs and an opportunity to make a substantial contribution to his immediate work team, his department, and his company. It means setting up an effective system of two-way communication.

Putting Two-Way Communication To Work

An employee communication system has two major functions: (1) to provide an exchange of information and opinion, and (2) to give each member of the organization a sense of participation in company affairs. These functions are interdependent because neither, by itself, could win the loyalty of employees.

In any program of information, two problems come immediately to mind: What is to be communicated? How is it to be communicated?

Employees want to know—

1. *Facts about the company*—History of the company and its organizational structure, the names of its top executives and something about them, the financial position of the company.

2. *Facts about company-employee relations*—Personnel policies, opportunities for for training, opportunities for advancement.

3. *Facts about future company plans*—New equipment and procedures, advertising campaigns, expansion of the business.

PLAYERS WANT TO KNOW

what the quarterback is thinking

Visual No. 9–11

Management wants to know—

1. Employee attitude toward the company.

2. How well employees understand company rules, policies, programs.

3. How employees can contribute to greater operational efficiency.

4. The "gripes" and complaints of employees before they develop into full-sized grievances.

Methods of Two-Way Communication

Information may be exchanged between management and employees by personal contact, nonpersonal communications, or a combination of the two.

Personal contact is face-to-face, word-of-mouth communication. For example, the chain-of-command meeting discussed earlier is an effective way of exchanging information and views. A supervisor can listen to problems and pass along information in special interviews or informal conversations.

In some companies, regular mass meetings are scheduled in which top executives pass along pertinent information to all employees. These meetings are followed by meetings of smaller groups for discussion to insure understanding or to solve problems.

Nonpersonal communications may be written, visual, or oral. Written communications (discussed previously) include announcements or procedures. Visual communications include filmstrips or movies used for training purposes as well as posters and pictures used as warnings for safety, fire prevention, etc.

A speech or message transmitted over a companywide public address system is another form of nonpersonal communication.

An owner-manager has many methods to choose from in planning for effective two-way communication in his company.

TWO-WAY COMMUNICATION WITH OUTSIDE GROUPS

Up to now we have been concerned with communication within the company. However, the problems of communication in a small business also extend outside the company.

In order to survive in a competitive market, the owner-manager must communicate effectively with many individuals who are independent of his control. These are the customers, suppliers, servicemen, and many others who will respond to his needs only if he is able to point out a positive benefit to them in so doing.

Two-way communication is as important with outside groups as it is with employees. Unless a businessman knows what benefit a customer wants, he cannot offer him that particular benefit. Unless he knows the language used by the customer in describing what he wants, he is at a disadvantage in explaining the benefits to be found in the items he sells.

These same arguments for two-way communication apply equally to all outside groups. Here are some practical suggestions for applying sound principles of two-way communication to some of them.

Communicating With Customers

Customers are less interested in products and services than in what those products and services can do for them. The communication problem in selling is to learn the customer's needs from the customer himself in his own words, and then

to use those very words to explain to the customer just how you can meet his needs. By encouraging clerks to listen to customer comments and complaints, then making provision for the clerks to pass this information "up the line," a small retailer can take advantage of customer communication.

Communicating With the Community

Community goodwill pays dividends in terms of employee morale, in the quality of labor seeking job opportunities with the company, in public support during periods of economic hardship, and in the kind of cooperation a small-business man may expect from his local government.

Many owner-managers make the mistake of confusing publicity with good communication. Publicity means telling people about the company. But telling people things which they do not particularly care to hear does little to win friends for the company. For this reason two-way communication is a vital ingredient in any program of community relations.

Two-way communication with the community means finding out what the goals of the community are and then explaining to the community how the small manufacturing company helps the community achieve these goals.

There are numerous ways in which a company can listen to the voice of the community. Among them are:

1. By attending public hearings.
2. By sitting in on the business meetings of organizations like the Community Chest.
3. By a careful reading of newspapers and other publications intended for local consumption.
4. By listening to local news broadcasts.
5. By attending meetings of public-spirited community organizations like Kiwanis, Rotary, and others.
6. By reading the "letters-to-the-editor" section of all community newspapers.
7. By keeping alert and remaining aware of community trends.

Through listening to the voice of the community, the small-business man is in a position to list a number of noncontroversial community goals toward which he might be able to contribute even in small measure. Such a list might include:

1. Abatement of unnecessary noise.
2. Improvement in the appearance of the city.
3. Wider employment opportunities for the physically handicapped.
4. Better transportation facilities.
5. Better housing for low-income families.
6. Better recreation facilities.
7. Measures to protect the public health.
8. Reductions in the toll of motor vehicle accidents.
9. Lending a hand to social and charitable agencies on such occasions as the delivery of Christmas food packages and the picking up of waste paper to raise funds for a worthy organization.
10. Making available equipment and skills in public emergencies such as fire, flood, or civil defense.

Here are a few helpful hints on getting your story before the public:

1. The newspaper will publish your story if it is *news*. What you *do* makes more interesting news than what you *say*.
2. Notify all newspapers, radio stations, and other public communications media of any company activities which affect the community. Examples of company activities which make news are:
   a. Any contribution of time, personnel, funds, or other support to a community-supported project.
   b. Talks by members of the company on a subject of public concern.
   c. Information concerning company expansion, new products, additions to the physical plant.
   d. Details concerning new personnel; human-interest stories concerning the successes or misfortunes of employees; retirement of individuals with long service, and so forth.
3. Don't worry about the writing style of your news releases; merely state the facts . . . briefly. The newspaper will rewrite your news release if necessary.
4. Use your business letterhead. Indicate the date on which the news is to be announced; if it is for immediate release write the words FOR IMMEDI-

ATE RELEASE just above the copy. Be sure to state at the top of the page the date on which the copy is written.

5. If you have news of minor importance, your chances of publication are best in the Monday edition. See that your copy reaches the editorial desk before late afternoon on Sunday.

6. Feature stories—those stories of interest to the community which are not current news—are most likely to find publication in the Sunday edition. Call the Sunday editor of your local newspaper and tell him your story orally. If he is interested he will probably have a reporter write the story.

7. If you ally yourself with a drive for any public goal, your story may be told most effectively in advertising space purchased by you for that purpose. Advertising need not be on a lavish scale to do its job well. A small space advertisement announcing a company's support of a project which is of immediate concern to the community brings increased prestige at a very modest cost.

Communicating With Suppliers and Other Outside Groups

The greatest obstacle to good communication is the fact that most businessmen become so absorbed in promoting the interests of their company that they tend to forget that all of the people they do business with are equally concerned with furthering the interest of their own business or that of their employer. As a result the businessman often feels as though he had spent the day talking to a stone wall.

Two-way communication rests on a foundation of mutual interests. Until a businessman learns to think of his interests in terms of the interests of the people he wants to influence, he might as well direct his remarks to that stone wall. Messages have an unhappy tendency to "bounce" off people who find no gain in them. From a practical viewpoint, two-way communication can only take place in a system where everyone profits by each transaction.

For example, suppliers meet your merchandise needs because in so doing they can make a profit. Newspapers publish your story because public interest in that story may sell more copies. Competitors join with you in trade associations in order to protect the industry. By the same reasoning, customers do not buy just the product you sell; they buy an appealing means of satisfying certain of their needs and wants.

To engage in successful two-way communication, you have to express your objectives in terms of the person or group you are trying to influence.

A BRIEF REVIEW

In reviewing this discussion, we see that communication, to be effective, must be a two-way process; that it is a matter of human relations, a useful tool to accomplish your goals as managers. It is a means, not an end. In attempting to state a simplified formula, we might say that communication is:

The right source	saying
The right message	through
The right channel	at
The right time	to
The right people	

This formula will be of no use unless you start the experiment. It may be difficult to break old habits of not delegating, or of giving vague instructions, or of

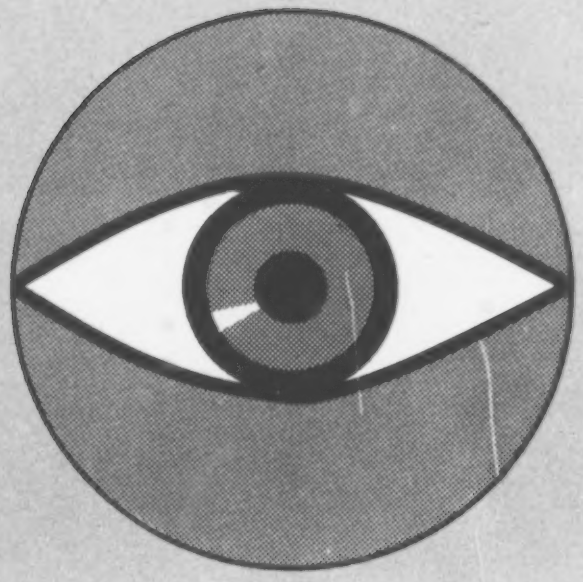
VEST POCKET FORMULA

Communication is

THE RIGHT SOURCE
saying **THE RIGHT MESSAGE**
through **THE RIGHT CHANNEL**
at **THE RIGHT TIME**
to **THE RIGHT PEOPLE**

Visual No. 9–12

not encouraging ideas and comments from employees. But the rewards of effective two-way communication will make the effort worth while. Good communication is good business.



THE VISUAL AIDS

A What to Show

Section

The old Chinese proverb **"One See Worth Thousand Say"** is certainly borne out by experience in the fields of education and training at all levels.

The instructor who helps his participants visualize subject matter and ideas not only holds the group interest--he also stimulates thoughtful consideration and retention of the topic.

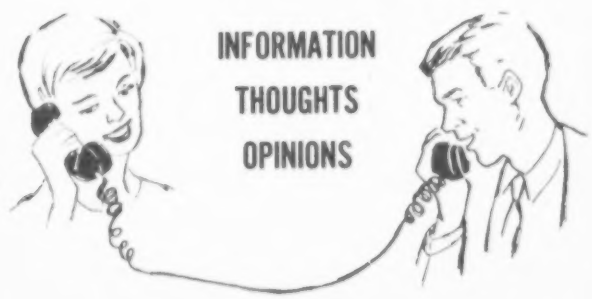
This section contains samples of visuals that are available for this subject. Each has been carefully coded and "keyed" into **The Lesson Plan** as outlined in this manual.

USE OF VISUAL AIDS

WHAT TO USE	WHEN AND HOW TO USE
Chalkboard	Study and plan before a meeting what to put on the board and where to put it. Use it to present sketches, diagrams, outlines, definitions, key words, directions, record of class contributions, and summaries. Suit material to board space. Write plainly and quickly. Keep wording simple. Stand at one side of board while referring to material. Talk to the group, not to the board. Erase material no longer needed.
Posters, Charts, and Diagrams	To arouse interest and attract attention; to show relationships and trends; to inspire group. Use device large enough to be seen. Post where everyone can see. Present at right time. Discuss information illustrated.
Hand-Out Materials	To present information uniform in character and as a guide to material covered; emphasize key points; arouse interest and discussion; review or summarize discussions; and serve as permanent reference. Select to serve a definite purpose. Introduce at right time. Distribute in manner to convey its importance. Direct members how to use.
Films and Film Strips	Present an overall view; introduce a new subject; emphasize specific aspects of a subject; arouse interest; summarize. Select carefully to relate to the discussion and plan presentation. Arrange room and equipment for showing. Alert the audience for the showing or what will be seen. Run the film. Discuss the subject matter and summarize.
Samples, Forms, and Exhibits	Keep subject matter practical; show development of a process; increase understanding. Select only enough to illustrate, not confuse. Pass around if necessary. Take time to present clearly. Comment when presenting.
Pedestal Chart	A pad of newsprint sheets or similar paper may be used for the same purposes as the chalkboard. Material recorded with chalk or crayon may be saved for future reference by the group or by the instructor.

OVERHEAD PROJECTUALS

INTERCHANGE

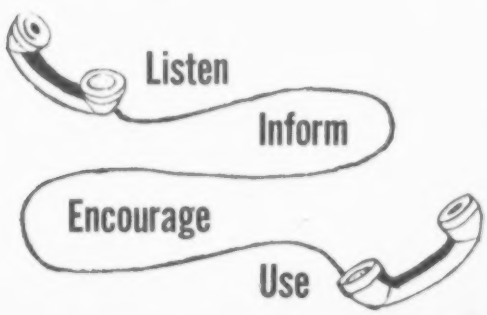


1

SUCCESSFUL COMMUNICATION = { facts + understanding + reasons why + proper action }

2

EFFECTIVE COMMUNICATION



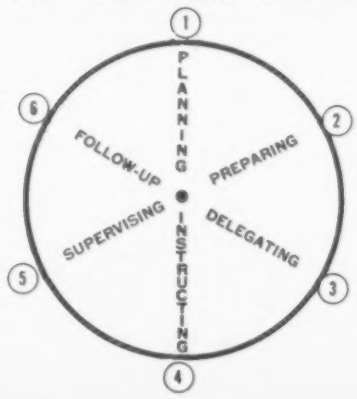
3

Elements in MUTUAL UNDERSTANDING

- *Participation*
- *Responsibility*
- *Courteous treatment*
- *Sense of importance*

4

THE CONTROL WHEEL



5

Will your message

RING THE BELL?

- *Honesty*
- *Simplicity*
- *Suitability*
- *Forcefulness*
- *Definiteness*
- *Accuracy*

6

OVERHEAD PROJECTUALS

SEND THE MESSAGE

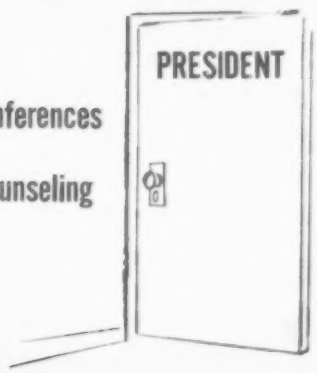
- for persuasion
- for speed
- for the record

but <u>always</u> talk to the LISTENER'S viewpoint!

7

8

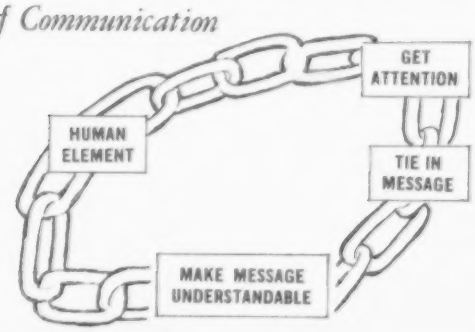
COMMUNICATION DOOR OPENERS



9

STRENGTHEN THE LINKS

of Communication



10

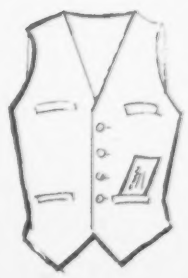
PLAYERS WANT TO KNOW

what the quarterback is thinking

11

VEST POCKET FORMULA

Communication is



THE RIGHT SOURCE
saying THE RIGHT MESSAGE
through THE RIGHT CHANNEL
at THE RIGHT TIME
to THE RIGHT PEOPLE

12

THE SUPPLY DEPARTMENT

A Resource Materials and Participant Handout

Section

It is generally conceded that interest intensifies in situations where people have a chance "to participate" by such means as open discussion and buzz sessions. The materials in this section should prove useful in this kind of activity. These materials may be reproduced locally.

It is also desirable to provide participants with "take away" materials if they are pertinent and concise. Accordingly, appropriate Management Aids, Small Marketers Aids, and Management Research Summaries are included in this section. Current information on the availability of suggested and new SBA publications may be obtained from the nearest SBA office.

ELEMENTS OF CONTROL IN WHICH COMMUNICATION PLAYS A PART

1. THE PLAN. Control begins with a plan. Planning may be done by an individual or a group. In either case the plan must be so worded that only one interpretation is possible.

2. PREPARING FOR ACTION. The practical contribution of communication to control is most evident in putting the plan into action. Preparing for action involves three separate but related steps:
   a. Timing the message.
   b. Coordinating the work effort.
   c. Providing physical facilities.

3. AUTHORITY FOR ACTION. Control is defined as the exercising of a restraining or directing influence. Authority is necessary for control, because people who issue orders are expected to accept the responsibility for those orders—for the work done under their direction.

4. INSTRUCTION. Control is concerned not only with what must be done, but also with how it is to be done. Competent instruction is essential for control. Instruction takes place when there is an exchange of ideas and a sound basis of agreement is reached.

5. SUPERVISION. Supervision is the control function that helps each employee do his job properly. Supervision means helping those under you do a better job *now*. It does not mean being critical of a poor job after it has been completed.

6. CHECKING AND MEASURING RESULTS. Control requires that a constant check be made of its effectiveness. The effectiveness of control is the measure of how closely the final resembles the original plan.

7. ADJUSTING METHODS FOR RESULTS. When reports of weaknesses in the plan are received by top management, a cycle of communication has been completed. New plans must be drawn to correct the errors in the old plans.

CHECKLIST FOR AN EFFECTIVE MESSAGE

1. *Is the message accurate?* A message which is inaccurate does real harm because it gives official status to an error. Inaccuracy may appear in facts and figures as well as in the choice of words which make up a message. Errors in facts and figures are less difficult to detect than errors in the choice of words. A good approach to avoiding errors in meaning is to ask, "Is it possible for this message to be misunderstood?" Do not be satisfied with the wording of a message until this question can be answered in the negative.

2. *Is it definite?* Even an experienced and brilliant executive is sometimes in doubt as to which decision is the best under a given set of circumstances. Regardless of lingering doubts, his messages must always be definite. Let doubt enter a message and it spreads alarm throughout a company like wildfire. When an organization loses faith in the ability of executives to make decisions, the loss is reflected in a general weakening of morale and a decline in enthusiasm throughout the organization. Once a decision has been made it must be presented in definite form to stand or fall on its merits. Even a sound decision is handicapped when its wisdom is doubted by the executive who presents it.

3. *Is it forceful?* In addition to being accurate and definite, a message must carry conviction. Without conviction a message may be understood and carried out, but only in a mechanical manner. A forceful message is a cornerstone for enthusiasm. It injects an element of vigor into managerial decisions and serves to overcome any lingering uneasiness which a new idea, or approach, or change in current practice may introduce.

4. *Is it suitable?* A message which outrages accepted social practice may get an idea across, but in so doing it may create resentments which defeat the purpose of the message. A letter to a customer requesting an overdue payment must not imply that the delay is deliberate. A message announcing a salary plan should not say that the plan is for the purpose of penalizing loafing on the job, but should say instead that the plan is designed to reward good workers.

5. *Is it simple?* People will invest time and effort in understanding a message only in proportion to the importance of the message to them. An employee may spend 2 hours computing the number of vacation days to which he is entitled, but may not spend 5 minutes trying to understand a management directive con-

cerned with reducing waste. A good rule to follow is to present one idea at a time and to use examples as much as possible. It has been demonstrated many times that the length of a message is less of a stumbling block than the difficulty experienced in understanding its meaning.

6. *Does it contain "hidden" meaning?* A message may have one meaning under certain circumstances and another meaning under different circumstances. Outside events are more apt to give an unintended meaning to a special announcement of a new policy than to a routine message. To avoid misinterpretation because of concurrent events, it is sometimes desirable to trace briefly the developments leading up to the message. However, a direct denial of the relationship of the message to an immediate event may have the opposite effect of creating suspicion and alarm.

Handout No. 9-2

WHAT THE MANAGEMENT TEAM NEEDS TO KNOW

In brief, everyone on the management team needs full information about anything which affects his particular area of responsibility. This information includes—

1. Lines of authority and company organization.
2. Limits of their own authority and responsibility.
3. Their functions in relation to higher management, other departments, and the company as a whole.
4. The end results of their department's work.
5. General company policy.
6. Company earnings and growth.
7. Business trends affecting future operation.
8. Shifts of management personnel.

Handout No. 9-3

Elements in MUTUAL UNDERSTANDING

- *Participation*
- *Responsibility*
- *Courteous treatment*
- *Sense of importance*

VEST POCKET FORMULA

Communication is

saying THE RIGHT SOURCE
through THE RIGHT MESSAGE
at THE RIGHT CHANNEL
to THE RIGHT TIME
THE RIGHT PEOPLE

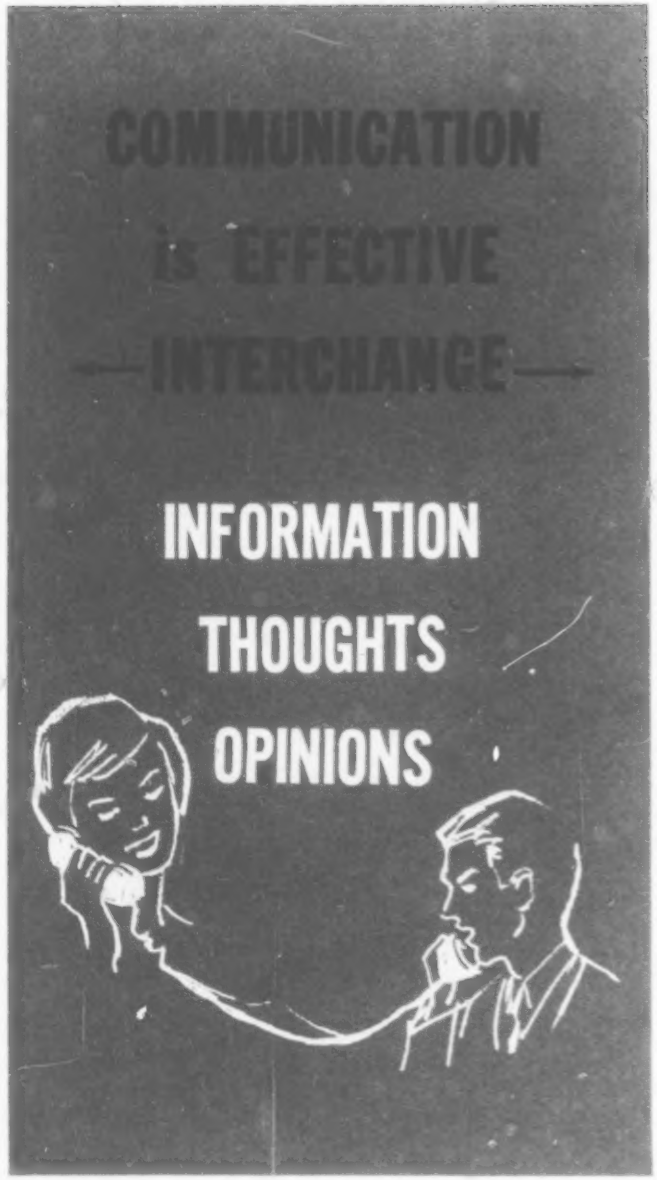
SMALL BUSINESS ADMINISTRATION

TOPIC 9

Focal Points on

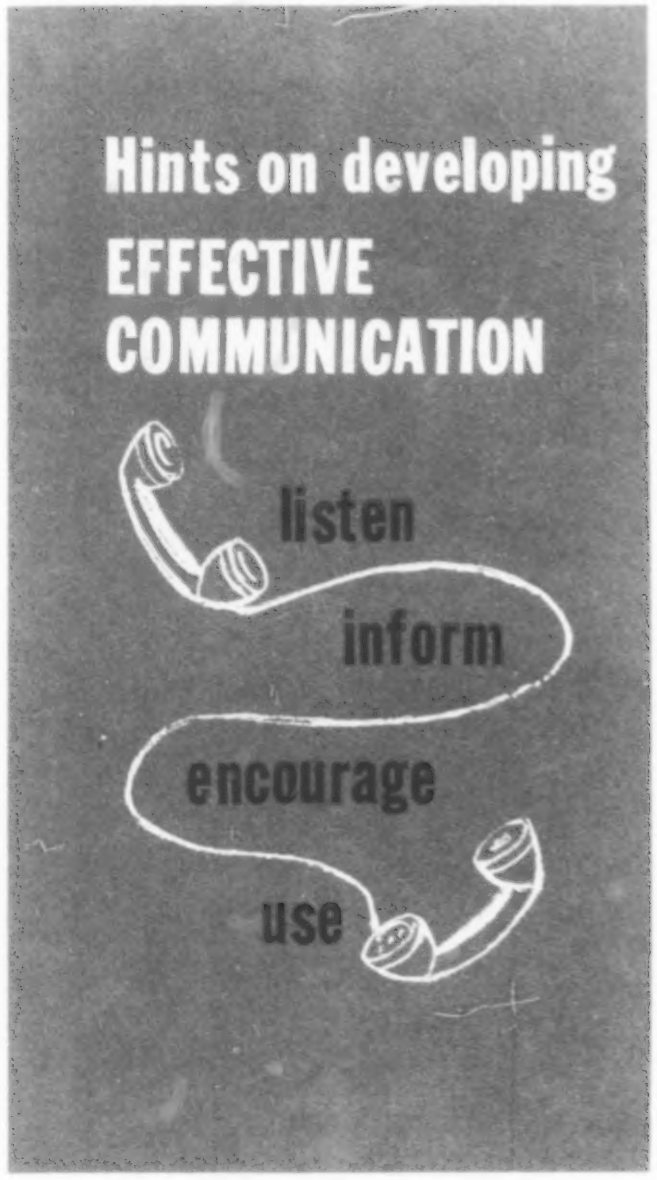
COMMUNICATION and CONTROL

This page and the following illustrate a twofold leaflet which summarizes the subject presentation. The leaflet is available in quantity from the nearest Small Business Administration office for distribution to participants in SBA-cosponsored administrative management courses.



COMMUNICATION IS SUCCESSFUL *when . . .*

- *Everyone gets and understands the information he needs to do the job.*
- *Information is accurate and well coordinated.*
- *Everyone understands who should be told what.*
- *Everyone understands why things are being done.*
- *Everyone is motivated to take necessary action and to cooperate with others to do the job.*



COMMUNICATIONS WITHIN THE COMPANY

Employees Want To Know

Facts About the Company

History of the company and its organizational structure, the names of its top executives and something about them, the financial position of the company.

Facts About Company-Employee Relations

Personnel policies, opportunities for training, opportunities for advancement.

Facts About Future Company Plans

New equipment and procedures, advertising campaigns, expansion of the business.

Management Wants To Know

Employee Attitudes

Employee attitude toward the company.

Employee Understanding

How well employees understand company rules, policies, and programs.

Employee Efficiency

How employees can contribute to greater operational efficiency.

Employee Complaints

The "gripes" and complaints of employees before they develop into full-sized grievances.

Handout No. 9–4

SMALL BUSINESS ADMINISTRATION •
U. S. Government Agency

Management Aids FOR SMALL MANUFACTURERS 145

Washington, D.C. October 1962

WHY NOT USE EVERYONE'S GOOD IDEAS?

By John Perry
Pritchard, Schaffer & Woodyatt, Stamford, Connecticut

SUMMARY

Everyone has ideas about his own job. Almost everyone has ideas about the operation of which his job is a part.

Ideas about what? Anything and everything! In a factory: production methods, tooling, scheduling, layout, quality control, waste reduction, purchasing, maintenance. In almost any kind of business, ideas about sales and promotion, customer service, simplified procedures, cost control.

Not all of these ideas are good ones, and even good ideas need development before they can be put to use. But the most successful managers are those who can make the most of people. They can stimulate their thinking, tap their experience and imagination.

This Aid is in two parts:

PART ONE is for the boss, the owner-manager. It's designed to help him gather the kinds of ideas that make for progress and profit.

PART TWO is for employees. It's designed to help them get their ideas across to the boss.

PART ONE: TO THE BOSS

No one knows a job better than the man or woman who works at it eight hours a day. No one is more likely to see ways of making improvements in that job.

This has been proven in thousands of companies, big and little. When an experienced engineer has a production problem, he goes first to the operators and machinists. Sales planning begins with the day-to-day experiences of salesmen.

Only a fraction of the good ideas are used. Chances are you don't even hear most of the good ideas of the people that work for you.

Why? Possibly because you're not a good listener, or just too busy. But more often, as you know from your own experience, it's not enough to have an idea. To get it across, it must be developed and SOLD.

The idea potential in any business is tremendous. People are most likely to produce ideas when they have a question in mind: "How could we do this?" "Could that be improved?"

Here's how to get more good ideas from the people who work for you:

1. Ask questions!

The more skillful you become in asking questions, the better response you'll get. Questions can be broad or specific, easy or difficult:

"How could we cut the time between order and delivery?"

"What's the real cause of that quality problem?"

"What's in your job that keeps you from doing your best?"

"How could we increase sales by 20 percent next year?"

2. Set goals!

Progress is faster when everyone knows where you're trying to go. Every business needs goals, for next month and next year. Having a goal stimulates ideas that help attain it.

Make the goals specific: a 10 percent sales increase, a new product ready by June, 25 percent waste reduction, and so on.

3. Invite your employees to get together.

Once you've asked a question, good answers are most likely to come back if your employees work on them together. They'll do more and better brainstorming if there's no boss present. A proposal the group agrees on is likely to be a good one.

4. Set a time for listening.

Don't expect people to chase you with their ideas. If they fail, or get only half of your attention, they'll conclude you don't care.

- - "Take a week to think about it. We'll get together at ten o'clock next Thursday."

Setting a time shows that you really want answers.

5. Be a POSITIVE listener.

You can stop the flow of ideas permanently by "yes-but" lukewarm, discouraging

responses. The fact that they're trying to help is a precious asset. Even a piece of a good idea is a good start; perhaps you can help them work out the rest of it.

Don't be a credit grabber, even if you did think of it first. You gain nothing, and lose a great deal.

If an idea is wrong or impractical, don't try to pretend otherwise. But perhaps it's wrong because you didn't make the right facts available. With skill, you can encourage people to try again, and with better results.

6. What about rewards?

If someone makes a real contribution to your profits, isn't he worth more to you? If not, he'd better find a job where his talents are rewarded.

But a pay increase or bonus is no substitute for recognition. Making important contributions to the success of his organization can be a crucial source of satisfaction for an employee. Open, explicit and gracious acknowledgment of such contributions by top management can increase the sense of self-respect and gratification by employees--and can produce the most powerful stimulants to make an organization roll in high gear.

7. Give your employees copies of this Aid.

It may help them to shape their good ideas and sell them to you.

PART TWO: TO THE EMPLOYEE

One management consultant says that in face-to-face talks with thousands of supervisors, salesmen, clerks, engineers, mechanics, bookkeepers, operators, and other employees, he has rarely found one who didn't have complaints. Some of the complaints were about wages and working conditions. But many more were about things that stood in the way of getting a better job done!

Operators complain about faulty machines or off-standard materials. Salesmen complain about slow deliveries. Mechanics complain about time lost waiting for parts. The company could do a better job, they say--and they're right!

What stands in the way? One consultant says, "This is what I've been told many hundreds of times: 'The boss won't listen!' "

Some bosses aren't good listeners. Some are too busy. Perhaps this leaflet will help your boss become a better listener.

But whether it does or not, there are some things you can do to get your ideas across to him!

It's a selling job. A salesman who just poked his head in a customer's door and said "Would you like to buy some Widgies?" wouldn't make many sales. He needs a sales plan to succeed. So do you.

Here is a sales plan:

1. Prepare!

It's hard to sell just an idea. It's far easier to sell a plan. Instead of rushing to the boss with an idea, take time to develop it. What's the problem? What can be done? How? By whom? What would it cost? How would the cost be recovered?

Go as far as you can. Final development may require engineering or research. Finished plans often take the skills of many people. But use your practical experience to make your plan practical. Use this test: Would you do it if you were the boss?

2. Work with others.

Two heads are better than one. When several people pool their knowledge, a plan can be strengthened.

Since you're not the boss, you probably can't call a meeting. But you can talk with fellow workers at lunch and coffee breaks, or at other times.

Keep this in mind: The boss may give more serious attention to a group proposal than one from a single person.

3. Get attention.

A salesman knows the best times to call on his customers. He wouldn't call on a retail grocer when customers are eight deep at the check-out counters. Pick the times when your boss is least busy. Ask to see him. Make an appointment if necessary.

4. Make a positive case.

- - "I haven't really thought this through, but - -"
- - "This is just an idea, but - -"
- - "Maybe you've thought of this, but - -"

With this kind of beginning, you could stop right there. No one would be listening. Exaggeration and wild claims are equally bad.

Just state the problem or opportunity, as you see it. Explain your proposal as clearly as you can. Say what you think it would accomplish. Estimate costs and results, if you can.

5. Hold your ground, but don't argue.

The boss may raise questions you can't answer or objections you can't meet. You weaken your case by hasty replies. Perhaps your proposal just won't work, for reasons you didn't know before--in which case you've learned something. Or, possibly, your facts and the boss's facts can fit together in another plan, not your original idea, but one to which you've made a real contribution.

6. Keep the door open.

What kind of answer do you expect? In some cases you may get a favorable decision on the spot. But usually the boss has to do some checking. He may need more facts. Sometimes

he has a boss, too. So you'll often get this answer:

- - "I'll think about it."

Maybe he will. Maybe it's a brush-off. Your best move is to keep the door open, like this:

- - "Can I check back with you a week from today?"

Mention a definite time!

If you're still pretty sure you have a sound idea, don't let it drift for a week. Use the time to develop it further, especially if the talk with the boss exposed some weak spots.

7. Try again.

Some bosses hate to say "No" even when they can't say "Yes." A salesman keeps pushing as long as a sale seems possible, but he knows when to stop. He wants to be welcome when he comes back next time.

You can't win them all. Every businessman has to turn down some good ideas, including his own, because they'd take more time, money, or other resources than can be spared just then.

So, try again. You may have scored some good points with the boss just by trying!

AN EXAMPLE: THE WORN BEARINGS

"They've been getting customer complaints on quality," the foreman told operator Joe Jennings.* "What's wrong?"

"I'm not surprised," Joe grumbled. "The way these shaft bearings are worn, you can't hold it. Get a skip every couple of minutes."

The foreman stood by for several minutes, but all ran smoothly.

"Well, watch it, Joe," he advised, walking away.

Several days later Joe was complaining to a friend: "How can they expect to turn out good stuff? They're letting the shop fall to pieces. Take my machine. I told them about those bearings, and what happens? Nothing! They won't spend $50 for a new set!"

The foreman saw it differently.

"The bearings on number 22? Sure, I remember Joe growling about them. But it sounded like the standard gripe to me. I didn't see any skipping."

Privately, he considered Joe's complaint an alibi. Joe hadn't mentioned the bearings until he'd needled him on quality.

In fact, the bearings were worn, and number 22 did skip. Quality was suffering, and customers were complaining. But it was only one of several dozen problems the foreman had on his mind, and one of several hundred for higher management.

ANOTHER EXAMPLE: THE MISSING VALVES

"We're out of model 607 valves," Ralph Foley, clerk in a plumbing supply house, told Tom Blanchard, the owner. "Harley came in for two dozen, and he's pretty sore. I guess we'd better get them air express."

"Who drew the last ones?" Blanchard demanded. Everybody knows they're supposed to report stock-outs! We just can't afford to do that to Harley. And that's about the tenth stock-out this week!"

Foley shrugged.

"You just don't stop when you're filling a big order," he remarked. "Anyway, when you're out it's too late."

"Yes, I know," Blanchard nodded wearily. "Well, I guess you and I had better come in Saturday and do a complete stock check. Boy, I hate to do it! It's an all-day job. There must be a better way. Think about it, Ralph, will you?"

Ralph did, all day Saturday, as they laboriously checked the hundreds of items a plumbing supply house carries. The stock was arranged logically enough.

Most of the valves, washers, nipples, fittings, and other small parts were stored in row after row of oblong steel boxes, placed like drawers on banks of steel shelving. The front of each drawer carried a card bearing the part name, size, and stock number. Clerks pulled these boxes to fill orders. Blanchard and Foley pulled them one by one to count their contents.

Ralph got his idea about noon on Saturday, started to speak, then decided against it. Saying nothing, he stayed late on Monday. Tuesday morning he was ready.

*All names in this Aid have been disguised.

Free lists of . . .

SBA PUBLICATIONS CURRENTLY AVAILABLE

Copies of these lists may be obtained from any SBA field office and from the Small Business Administration, WASHINGTON, D.C. 20416
Ask for Form 115A and 115B.

"Tom? I'd like you to see something."

He led Blanchard to a section of shelves where he'd set up his demonstration. The stock boxes looked the same as before except for a hold number printed on each index card. He pointed to a number "24."

"That means we order this item when we get down to 24," he explained. "Now, suppose I fill an order from this box. I can see this leaves less than 24. So - -"

He reversed the box and slid it in backwards. The rear of the box, now facing front, was painted bright red! It also carried a card with the part name and number.

"It takes a clerk no time at all to switch the box around," he explained. "Then we just have to look at the red boxes to see what to re-order."

BIG ONES OR LITTLE ONES?

Sometimes an employee scores with a tremendous idea. A mill hand, for example, found a way to cut his company's material costs by $100,000 a year.

Most employee ideas and proposals aren't this big. But the success of every business depends on how well every job is done. Every improvement counts.

No one is in a better position than you are to discover better ways of doing your job. You see things no one else in your company sees.

Ask yourself some questions:

- - "What would make my job run better? Can I think of any ways to step up production, improve quality, or cut costs?"

Perhaps you'll have several ideas. Pick a likely one, think about it, develop it. Then try selling it to the boss!

FOR FURTHER INFORMATION

Businessmen who desire to explore the subject of using everyone's good ideas further may wish to consult the following references. This list is necessarily brief and selective. However, no slight is intended toward authors whose works are not included.

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EFFECTIVE COMMUNICATIONS IN SMALL PLANTS

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SUMMARY

When communications in a small plant are effective, people receive the information they need in order to do their jobs. Facts do not get lost or misinterpreted in the hustle of daily operations.

This Aid describes a practical procedure which the owner-manager can use to encourage his key men and other supervisors to learn to communicate effectively. The procedure consists of short, monthly reports and meetings.

This procedure is designed also to help the owner-manager to: (1) maintain firm control of overall operations, (2) develop individual managers, and (3) develop a closely knit management team.

The heads of many small companies recognize that effective communications are needed for effective operations. The question is what to do about it.

A small plant sometimes suffers from poor communications even though the owner-manager tries to see that everyone gets the information he needs to do his job. Often communications are not effective because the right information does not reach the people who can act upon it. Sometimes people feel too busy to communicate clearly.

As one owner-manager says, "I try to see that everybody is kept informed, but when things pile up, I just don't have the time, and communications bog down."

Another owner-manager points out that his key men sometimes overlook passing vital information to their men. He wonders how he can help his key men learn to communicate more effectively. At times, you also may wonder.

This Aid discusses a practical method which you can use for making communications among your management staff more effective. The result should be more effective operations throughout the plant.

STATIC BLOCKS OUT THE MESSAGE

Communications in some companies are like radio in the 1920's. Then, static often blocked out the message. Today's improved technology has eliminated radio static so that the message comes through clearly.

However, communications among people cannot be engineered. It often seems that "static" detracts from the message between one person and another.

In a small company, sometimes the president himself is responsible for the static. His communications are liable to get cluttered if he becomes overly excited, or when he tries to do several unrelated things at the same time. Or he may still rely on informal communications after his company has grown.

As a company's work force increases and key managers are added, the exchange of information becomes more difficult. Informal channels such as telephone conversations, chats over coffee, or spur-of-the-moment memos and discussions are no longer adequate in themselves.

Many good decisions arise, of course, from just such informal communications. However, as a company grows, it becomes necessary to formalize to some extent the exchange of ideas. This need is usually met by holding regular meetings.

When regular meetings are handled effectively, they help to "break the ice" between key men. These men learn of each other's problems. And as they do, they communicate better, both formally and informally.

Some owner-managers try to get by without holding regularly scheduled meetings. Yet, it is these same men who complain most bitterly when they lose ground because of poor communications. Often they are the heads of companies that have no plans to meet competition from new products and whose operations fail to run smoothly. They conduct management discussions "on-the-run," usually on

matters already being handled by personnel below the management level.

Such owner-managers often say, "I already see my men every day. We can't spend all our time talking." Yet, they waste much time in their very attempt to communicate. Their lack of careful planning and clear direction creates static and confusion among all personnel.

Some other executives do have regular meetings. However, they hold them too frequently, and everyone loses interest.

- Sending A Clear Message

Whatever the reporting practices in his own company, the owner-manager's first task in making communications more effective is to look at his own way of passing on information. Is he sending out a clear message when he talks with his key men and with others?

Or are his conversations studded with static? Does he, for instance, bring up irrelevant issues which confuse the person to whom he is talking? Does he forget to pass on pertinent information -- facts which the listener needs in order to carry on his work?

Does he use words which his listener does not understand? When referring to new technical processes, does he assume that the listener knows what the new terms mean and thus create misunderstanding?

After the top man has checked his own weaknesses as a conveyor of information, he is ready to start work on improving communications in his company.

ENCOURAGING EFFECTIVE COMMUNICATIONS

You encourage your people to communicate effectively first by setting the example -- by being a good communicator yourself. The second step is to set a policy which will draw attention to good communications. The third is to back up your policy with an efficient management reporting system.

- A Company-wide Policy

Let your key men know that you expect them to do their best to communicate clearly with you, among themselves, and with the people they supervise.

This policy will keep your men aware that the process of communications is a two-way street between individuals. It moves up and down -- between levels of authority -- and across -- within and between departments.

Thus the policy contains the management principle that key men should not by-pass each other but should communicate along the lines which you have set down. For instance, the sales manager should first see the production manager about a faulty item. If the two of them cannot agree, then they should see you. The same applies on the lower levels of your company.

Keep in mind, that here, again, you have to set the example. The owner-manager cannot jump the chain of command -- down to his foremen, for example -- and expect his supervisors to communicate within that chain.

It is also helpful to point out to your men that when they communicate in business they do two things. First, they exchange operating information -- information that is needed to get the day-by-day job done. And second, they exchange management information -- facts and ideas that are needed for planning and for making important decisions.

- An Efficient Management Reporting System

An efficient management reporting system consists of the following basic steps:

(1) Ask each of your key men to give you a brief written report periodically of his current problems and of his long-range goals. Do this once a month or at least once every 6 weeks.

The report should not merely duplicate operational information already covered by routine reports and figures on production, sales, inventory, personnel, and progress on specific jobs. Rather, such operating reports will point up management matters to be reported to you by your key men.

(2) Review the reports and then call the key men together in a meeting. At this meeting, you can discuss the matters which they reported that month.

You can also discuss other management matters suggested by the reports or brought to light during the meeting. Prepare for the meeting beforehand and keep it from dragging. If all points can't be covered, hold an extra meeting rather than a 3-hour-long session.

(3) When your key men have gotten used to the idea of reporting and meeting, have each do the same with his people. Each should ask his foremen or supervisors for a brief report of their management problems. He should meet with them a day or two before he writes his monthly report to you.

In this manner, you can gradually extend the procedure down to the lowest levels of supervision. Time the reports and meetings so that each month they start at the bottom and move up the line. In this way, each supervisor participates, and the final meeting in your office concentrates on top management matters with the necessary facts available.

- Simple Reports

Management reports should be kept simple and to the point. Ordinarily they are best kept down to a few direct statements about one or two problems. When necessary, however, they can go into detail about a perplexing problem.

The reports should include such items as costs; sales; competition and market conditions; long-range plans; needs for facilities, equipment, or manpower; the scheduling and utilization of limited facilities; and employee morale.

The reports which your key men get from their people will, of course, contain more

about detailed operations than about overall management problems. But at the same time, the combined reports and meetings will help foremen and supervisors begin to think more broadly in management terms.

Suppose, for example, that a foreman reports on the inconvenience of maintaining a certain machine. His boss may ask him to prepare a record of the maintenance time used on the machine. From this consideration, a recommendation may come to you for a decision on whether to spend the money for a replacement.

The key man's job is to sort out and include management problems which are of company-wide concern in his monthly report to you. Major capital investments, for example, are of concern to each key man, since each has his own ideas for alternative uses of available company funds to bolster his operations.

- Benefits of the System

It takes patience to set up a good system for management communications. In just a few months, though, you should receive certain benefits:

(1) Regular reports that clearly and completely describe your company's management problems.

(2) Savings in time and expense. Problems are identified and solved at the lowest practicable levels. With the knowledge gained from their reports and meetings, supervisors will solve many problems previously taken to their superiors. More time will be available for you and your key men to plan and direct operations.

(3) More effective managers and a strong management team. (The final section of this Aid includes a fuller discussion of this particular benefit.)

(4) Tighter organizational structure. Possible improvements in organizational structure (and in the corresponding channels of company communications) will become evident as attention is focused on effective flow of information throughout the company.

Or, again in radio terminology, the reports and meetings are timed so as to reinforce the message -- static is rejected -- and the message is converted efficiently into action or decision for getting the job done.

TYING UP LOOSE ENDS

Depending upon how good your communications were before you started the new procedure, certain loose ends may come to light. For example, some of your regular operational reports may be unnecessary; or responsibilities may overlap among key men; or certain activities may need more coordination.

Whenever such loose ends are highlighted, management is on the spot. Solutions must be worked out. Otherwise, people will feel, "This communications bit is all talk as far as the boss is concerned." Management must follow through with corrective action.

- Keep Operating Reports Useful

Sometimes a company continues to prepare various operating reports which are no longer needed. Or certain operating reports don't carry the right kind of information. Or they aren't sent to some of the people who need them.

If such a situation exists, or develops, you can expect your supervisors to mention it in their management reports. In many instances, the key man involved can correct the situation. Then, again, he may raise the matter for discussion among all the key men if it has company-wide implications.

- Clarify Responsibilities

Certain responsibilities are best handled by only one management person. For example, if production is to move on schedule, the plant superintendent must have the authority to make on-the-spot decisions.

Yet in some cases, responsibility for a large job may be divided among several key men. Sometimes the result is confusion and buck-passing. As your men communicate more effectively, they will feel freer to discuss such problems with you. You will then be better able to work out a solution with them. The process of considering and solving a problem of divided authority can help your men rise to the level of their responsibility.

- Coordinate Functions

Sometimes, time and money are wasted because managers fail to coordinate with each other. Worker morale and customer goodwill are also at stake. For example, when the market potential of a product has been studied, facts from the study should be considered before the size of production runs is set. Likewise, the sales manager should not make claims about your products which your engineers and production men cannot back up.

With better coordination, confidence between key men increases. An idea for a new product from a draftsman, for example, will receive more attention from the marketing manager if it is channeled through the production chief with whom he has coordinated in the past. "This idea must be workable if he sends it on to me," thinks the marketing man.

If key men are failing to coordinate their activities, the monthly meetings will bring them together. This should correct this situation naturally. If not, the necessary corrective action which you must take will be made clearer through the regular management reporting.

EFFECTIVE MANAGEMENT

As you encourage your managers to communicate more effectively, you are also helping them to become better managers. When a man knows that his boss expects clear reports, he thinks through his ideas before presenting them, and this serves to sharpen his thinking.

Then, too, the very fact that he knows that he can present and discuss his ideas on a periodic basis means that he will be less apt to be impulsive about them -- to write incomplete memos on the spur of the moment or dash into the boss's office with an idea that has not been thought out.

Informal, spontaneous communications will not be cut off. They will, instead, become a more efficient and useful part of the overall communications.

Moreover, through the combined reports and meetings, your managers will have a good opportunity to learn from each other. The different backgrounds, points of view, and responsibilities of each individual mean that each will come up with different approaches to the same sort of management problem. The opportunity for the give-and-take -- which is necessary to map out the right course -- often clears the air and encourages a manager to operate in a logical and mature manner as a member of a team.

One indication of a manager's maturity is the extent to which he expresses his own feelings and convictions with consideration for the thoughts and feelings of other people.

Clear self-assertion with consideration and effective management go togeth r. The mature manager asserts himself clearly while allowing other people to do the same. He realizes that people will not respond to his communications, no matter how clear the message, if he disregards their feelings and ideas.

Your men must have such maturity if you are to build a strong combination of individual initiative and close teamwork. Direct, honest, self-expression with consideration for the feelings and ideas of others bring mutual respect and understanding to the exchange of information. Communications become a human matter, with all that this implies, rather than the mere mechanical transfer of facts.

One word of caution: The idea of maturity as clear self-assertion with consideration should be used with care when judging a manager for a difficult task or for promotion. In such cases, look first at the man's technical experience, knowledge and qualifications for that particular task. Then this way of viewing maturity may help you to assess his readiness for the management responsibilities involved -- his readiness to direct and lead other people.

The only way your key men, or anyone else, can learn how to communicate with consideration is by practicing--by trial and error. Your coordinated monthly reports and meetings will give them the opportunity for such practice.

Under your leadership, these reports and meetings can be an on-the-job program of management training and development, as well as the backbone for effective communications in your company.

FOR FURTHER INFORMATION

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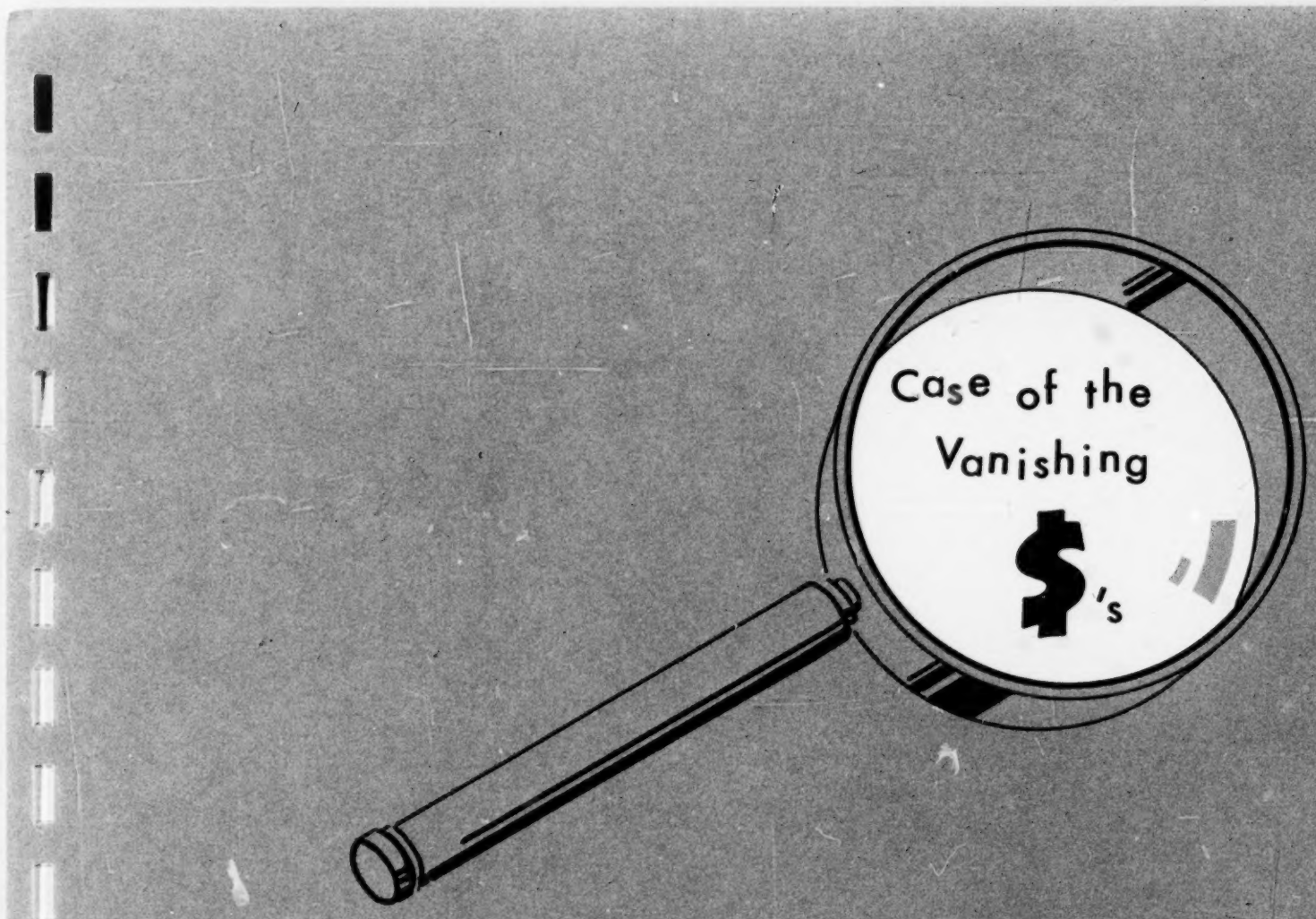

CASES IN POINT

Case Studies for Depth Penetration

Section

The case method has proven stimulative and effective in many administrative management courses. The following case material is suggested as a means of encouraging discussion.

It is suggested that one full session be devoted to the presentation of the topic as outlined in this manual. A case can sometimes be used to stimulate or augment the discussion period that follows the presentation. This could be one way of expanding the basic materials into an advanced course on the subject.

THE CASE METHOD OF STUDY

What is the case method? The case method is a teaching device that helps the student learn through exercising the reasoning and decision making processes. This can be contrasted with other popular teaching techniques which place stress on learning (or memorizing) an accumulation of past knowledge on a given subject. The case method stresses thinking rather than memorizing; it is a dynamic or active method rather than a passive one.

What is a case? A case is a description of an actual or true-to-life business situation. It is a statement of facts, opinions, and judgments—in short, it is a problem.

The case method is particularly useful in teaching businessmen because it utilizes real, practical problems rather than abstract concepts. Properly used, it provides a realistic environment that causes the participant to become involved and holds his interest. It provides experience in performing essential parts of the administrative tasks without incurring the penalties of a wrong decision on the job. It develops within the individual the process of making decisions, and forces him to think analytically and constructively.

The student also learns the value of group discussion and analysis. Each member of the case discussion group contributes from his unique experience, and each gains from the others. The group knowledge and experience will exceed that of any individual participant—including the instructor.

The following checklist is suggested as an outline procedure for conducting case study and analysis:

Suggestions for Case Study

1. Read the case carefully for general content.
2. Arrange the facts of the case in order of importance.
3. Recognize and define the major problem(s) that need solution.
4. Analyze the problems and their relative importance.
5. Search for and establish alternative solutions.

6. Select the most desirable of the appropriate solutions.
7. Analyze your probable solutions—set up the pros and cons of solutions, giving value to each.
8. State your choice, decision, or final conclusion—be prepared to defend it.
9. Stipulate the plan or plans for implementing the decision.

"MY DOOR IS ALWAYS OPEN"

Ted Saunders, chief accountant, and Bob Williams, manager of the men's department, were walking down the main aisle of MASON'S READY-TO-WEAR SHOP on their way out to lunch. As they approached the door, they saw Jim Mason, the president, talking to Miss Bates, the jewelry section manager. Jim was trying to edge away, and he sounded somewhat impatient, as he said, "Well, I have to run along now. Drop into my office when you have a chance. You know . . ."

As Ted and Bob walked out the door, Bob said, "Bet his next words were, 'My door is always open.' "

Ted replied, grinning, "I won't take that bet."

After the two were seated in the restaurant across the street, Bob said, "Jim is finding it pretty hard to take his father's place as head of the store. Of course, it was a shock to him when his father was killed in that plane crash. But, it's been over 8 months now, and Jim is still tense and keyed up all the time. It's not that he doesn't know store operations. He was well coached from the ground up. Started as a part-time stock boy even before he was in high school. Worked every summer, too, through his high school and college years. Spent time in every department. For 5 years he was his father's assistant. So he knows operations, all right."

Ted was quiet for a few seconds before answering. "Yes, he knows *operations.* Maybe that's his trouble. Now, don't get me wrong. I like Jim. But, I can't really get to him with ideas or suggestions. I've been with the store for a little over 2 years." Ted paused for a moment. Then he said, "I was assistant chief accountant over at the Emporium when I heard of the opening here. I heard, too, that Mr. Mason, Jim's father, was a fine person to work for. And he was. He gave me free rein in the accounting department and let me make a lot of changes after I'd discussed them with him. Easy man to talk to. Encouraged ideas. But now . . . ."

"I know," said Bob. "Now we don't have a chance to discuss either ideas or problems with the boss. But heaven forbid that we go ahead and make our own decisions. I've stopped dropping in that 'open door.' Last week I made an

appointment with Jim to discuss the new lines of shirts and suits we'd been handling for the last month."

Bob went on to say that Jim was on the phone when he got to Jim's office. Jim motioned to a chair, and Bob sat down. When Jim hung up, he dashed out without a word to talk with his secretary. He came back, wrote some things on a pad, and made a few notations on some incoming mail. Then turned to Bob and said, "Well, what's your problem today?"

Bob reminded him that they had agreed to discuss the new shirt and suit lines. Bob also said that he had some sales figures and also some customer comments which the clerks had passed on to him. Bob said, "When I mentioned clerks, Jim broke in to sound off about the shortage of help in the women's department. Then the phone rang. We got back on the track again for about 3 minutes. Jim was looking at the sales figures and I was pointing out the upward trend, when he said 'What do you think of Thompson in your department? Is he slowing down a bit?'

"Well, I was about to give up on *that* session, but I was saved by the phone. Jim was pretty angry when he finished the phone conversation. He turned to me and said, 'Trouble in the advertising department again. That guy Blake is always crying on my shoulder. Guess we have *your* problem worked out, haven't we? Blake is coming up now. But, when you have a chance, drop back and let's have a real chat about your department. Especially those new lines we put in a while ago . . . .'" Bob said that as he edged toward the door, Jim was still talking. "I said, 'Thanks Jim' and I left," Bob said. "I'd just about reached Mary's desk in the outer office when Jim called, 'Thanks for coming, Ted. Come back any time. You know my door is always open'."

Suggestions

"My Door Is Always Open" can be used to emphasize the importance of really listening. The following questions might be used to start discussion:

1. How does Jim rate as a good listener?
2. What is the reaction of employees to Jim?
3. What is Jim's attitude toward his employees?
4. What, in your opinion, is wrong with the way Jim acts in meetings with a staff member?
5. What could Jim do to improve meetings with employees—such as the one Bob described?

"YOU JUST *TELL* THEM, HARRY"

As soon as he returned from lunch one day, Mr. Barber, manager of the Barber Supply Co., called his chief accountant. "Say, Harry, come on right up to my office. Heard about a fine new system that ought to save us some money in accounting department salaries. We're going to try it."

When Harry came to Mr. Barber's office, he was greeted with, "Now sit down and let me tell you what we're going to do. We're going to eliminate pennies from all of our accounting records. Whole-dollar accounting, they call it. Saves writing or typing millions of digits a year. Fella at lunch today talked about it. Lots of companies are doing it. Can make income tax reports without pennies, so why not our own records. Well, Harry?"

"Well, Mr. Barber," said Harry, "I've heard of the system. Fact is, I've done quite a bit of reading about it. Talked to some of the members of the accounting society I belong to who have used the system. It takes some planning to revise an accounting system, and I wanted to learn more before . . . ."

"Planning? Learn more? That's the trouble with accountants. Never take a chance. Why, man, the only way to do this is to start doing it. Just round the dollars—49 cents and under, drop; 50 cents and over, raise to the next highest dollar. That's all."

"But, Mr. Barber, clerks will have to know what to do with various accounts. At what point would it be best to start rounding? Should the system be used on all accounts? How should the variance (difference between actual and rounded amounts) be handled? And, more important, if we're thinking of adopting the system, how will accounting personnel accept it?"

"How will *accounting personnel* accept it?" shouted Mr. Barber, growing purple in the face. "Your temperamental accounting people just better accept it if I tell them to. And furthermore . . . ."

Just then Miss Adams, Mr. Barber's secretary, came in to say, "Sorry to disturb you, but Mr. Jackson of the J–B Supply Co. is on the phone."

Mr. Barber [on phone]: "Hello, Sam———yes, I did enjoy the lunch. I've just been talking to my chief accountant about that fine new system———Oh, you

do?———For the last 3 years, eh?———Oh, you have a lot of literature on it you think I might like to read and pass on to my accounting people———. You *what*? Had meetings and ran tests before you even made any plans?——— Good suggestions from employees *after* you overcome their resistance to change, eh?——— Several approaches to take, you say?——— Oh, you had your chief accountant and some of his supervisors visit some offices using the system? Yes. Oh, sure, Sam. My man is right here. I'm sure he'd be interested in talking to your people. Well, Sam, thanks for calling. Guess I got carried away by that speaker today. Thought it would be pretty simple, but there's more to it than I thought."

Mr. Barber sat with his hand on the phone for a few minutes after he finished the conversation, staring at the opposite wall. He slowly turned to Harry and said, "Well, I guess you know what that was all about. Sam heard me say this noon that I liked what I heard about this system. He called me to see if he could help. Seems that several years ago he tried to install a new record system by what he called the "undivine authority" method. Failed miserably. So with this accounting system, he used another approach and got good results.

"So go over there, Harry. And take some of your supervisors. Let's get together again in 2 weeks and see what you've found out."

Suggestions

"You Just *Tell* Them, Harry" can be used as a basis for discussing the matter of communicating with employees when new systems are contemplated. The following questions are examples of the type that can be used to stimulate discussion:

1. When their conversation started, what was the difference between Mr. Barber's and Harry's approaches to introducing a new system?
2. What was Mr. Barber's reaction to Bob's suggestions?
3. How did Mr. Barber feel about accounting personnel?
4. In your opinion, what was Mr. Barber's attitude toward employees in general?
5. What was Mr. Barber's reaction to his conversation with Mr. Jackson?
6. Do you think that Mr. Barber learned anything from this episode? What?
7. What do you think took place in the meeting after Harry and some of his supervisors visited Mr. Jackson's accounting department?

THE INCUBATOR

A How To Do It

Section

Experience has shown that people achieve maximum benefit from a conference, staff meeting, or training session when a period of incubation follows the implantation of the new idea, new information, or "new slant."

This is a do-it-yourself section that will allow the participants to try out or apply the ideas and information gained from this session.

This material may be reproduced locally for distribution to course participants.

SUGGESTED INCUBATOR ASSIGNMENT

1. Take a guess at the time you spend each day in various forms of communication. Then, for a few days, keep a record of the time you actually spend discussing problems with your managers, instructing employees, writing procedures, or any other activities involving communication. How close was your estimate?

2. Secure and study the following SBA publications:

   "Effective Communications in Small Plants," *Management Aid* No. 163.

   "Why Not Use Everyone's Good Ideas?" *Management Aid* No. 145.

3. Make a list of recent breakdowns in communication which have caused misunderstandings, loss of time, or low morale among employees.

   Could these breakdowns have been avoided? How?

   Were actions taken to avoid similar breakdowns in the future?

4. Different situations call for different communication methods. Carefully consider the methods you would use to—

   Instruct a new employee.

   Institute a new procedure involving employees in one or more departments.

   Get cooperation on a rush job.

   Announce a more liberal vacation plan.

   Announce a necessary cutback in your work force.

5. Following are some questions about the basic principles involved in effective communication.

   Are you a good listener?

   Do you keep employees informed about matters affecting their jobs, about personnel policies, about company plans?

   Do you encourage two-way communication?

   Do you let your subordinates take a part in decisions on matters affecting their work?

   Do you control rumor—or does the "grapevine" control you?

What can you do about the "no" answers?

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SMALL BUSINESS ADMINISTRATION

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San Francisco, California
Santurce, Puerto Rico
Seattle, Washington
Sioux Falls, South Dakota
Spokane, Washington
Syracuse, New York
Toledo, Ohio
Washington, D.C.
Wichita, Kansas

The addresses and telephone numbers of these field offices are listed under "U.S. Government" in the respective city telephone directories.

- GRAY — The Lesson Plan
- RUST — The Presentation
- BUFF — The Visual Aids
- GREEN — The Supply Department
- YELLOW — Cases in Point
- BLUE — The Incubator

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